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DEFENSE SUBSECTOR REPORT

Aerospace Components

A Year-to-Date Review of Capital Markets, Stock Performance, and Strategic Themes · Through July 31, 2026

Structures & Forgings · Propulsion · Interconnect & Power · Specialty Materials · Aftermarket

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EXECUTIVE SUMMARY

This is the second report in the SSG Defense Subsector series, a recurring deep dive into individual segments of the SSG Small-Cap Defense Stock Index and Deal Tracker. Aerospace Components is the largest segment in the Index and, through July, its best performing. The category spans the structures, forgings, castings and machined assemblies that go into airframes and engines, together with propulsion, interconnect and power, specialty materials, and the aftermarket that maintains the installed fleet.

The subsector comprises 24 public companies with combined market capitalization of $5.8 billion, 28% of the Index by value. Through July 31 the constituents returned +43.1% year to date on an equal-weighted basis, against +9.6% for the full 77-company Index and +9.3% for the five prime contractors. Over the trailing twelve months the cohort returned +69.3%, the strongest of the seven subsectors. Unlike the segments that led the first half, this one is profitable: 20 of 24 constituents generated positive 2025 EBITDA, on aggregate revenue of $4.4 billion and EBITDA of $458 million.

Capital markets activity was concentrated almost entirely in M&A. The Deal Tracker recorded 28 closed transactions touching the subsector year to date, roughly a third of all closed defense M&A the tracker captured in 2026 and more than any other subsector, alongside four closed equity raises totaling approximately $213 million and no closed debt financings. Headline disclosed M&A value of approximately $2.2 billion is dominated by a single transaction, Leonardo's $2.0 billion purchase of Iveco's defence business, which sits above SSG's micro- and small-cap coverage range. Excluding it, disclosed value is $243 million across five priced transactions of the 28. That gap is the finding, not a defect in the data.

On valuation the subsector is the cheapest in the Index at a median 1.9x EV / 2025 revenue, against 3.8x for the Index and 12.6x for Autonomy / Unmanned. It is also the only cohort where EBITDA multiples are broadly meaningful, at a median 16.9x EV / LTM EBITDA. Those two facts together describe the year: investors paid up for earnings and qualified capacity while marking down pre-revenue defense technology, and acquirers moved on a fragmented private supply base that transacts well below where the public comparables trade.

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SUBSECTOR AT A GLANCE

24
Index constituents
~$5.8B total market cap

+43.1%
Avg YTD return through July
vs. +9.6% Index, +9.3% primes

28
Closed M&A transactions YTD
the most of any subsector

~$2.4B
Total disclosed capital YTD
across M&A and equity

+69.3%
Average LTM return across the cohort, median +32.4%, the strongest of the seven subsectors in the SSG Small-Cap Defense Index

1.9x
Median EV / 2025 revenue, the cheapest subsector in the Index and roughly one-seventh the 12.6x carried by Autonomy / Unmanned

WHAT THE NUMBERS SAY

Aerospace Components was the Index's performance and M&A leader year to date, and it got there on earnings rather than on narrative. 20 of 24 constituents are EBITDA-positive, the cohort trades at the lowest revenue multiple in the Index, and 14 of 24 names finished July in positive territory with 8 above +50%. Beneath the listed names sits a deep, fragmented private supply base of certified machining, forging and specialty-materials businesses that strategics and sponsors spent the year consolidating, most of it at undisclosed terms.

Subsector Overview

Where the value sits, why qualified capacity is scarce, and what re-rated the cohort

MARKET MAP: THREE LAYERS, ONE CONSTRAINT

The subsector is best read as three layers of the supply chain rather than as a single market. Structures and forgings sit closest to the airframe and carry the heaviest qualification burden; propulsion, space and interconnect capture content per aircraft; specialty materials and the aftermarket monetize the installed fleet. One constraint runs through all three, and it is what re-rated the cohort this year.

Structures, Forgings & Machining

8 names · $1.4B 2025 revenue

+72.5% average YTD

The epicenter of the move. Forgings, castings, machined assemblies and aerostructures for airframes, landing gear and engines. Qualification is slow, capacity is fixed, and pricing has firmed as OEM build rates climbed.

Propulsion, Space & Interconnect

7 names · $2.0B 2025 revenue

+54.7% average YTD

Rocket and satellite propulsion, precision components, connectors, power generation and avionics. Content per aircraft rises with each generation, and the space and defense mix has been the swing factor in results.

Specialty Materials & Aftermarket

9 names · $1.0B 2025 revenue

+7.9% average YTD

Cylinders, magnesium and zirconium alloys, metal-matrix composites, heat transfer, and the MRO and engineering services that maintain an aging fleet. The steadiest demand and the least cyclical, but the weakest price action this year.

Qualified Capacity · the constraint that spans all three layers

Large structural forgings require presses above 30,000 tons, which exist in only six countries. AS9100, NADCAP and ITAR qualification takes years and does not transfer with a purchase order. Component lead times of twelve to eighteen months are common. Capacity, not demand, is what the buyer of an aerospace component is actually bidding for.

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MACRO BACKDROP: THE DUAL RAMP

Boeing Breaks Its Rate Ceiling

The 737 program moved from 42 to 47 aircraft per month during the first half of 2026 with FAA concurrence, and Boeing began low-rate production on a new 737 line in July. Rate increases beyond 47 are being planned. Each step pulls through the machined and forged content our constituents supply.

Airbus Toward 75 a Month

Airbus is producing roughly 50 A320neo-family aircraft a month against a target of 75 by 2027. Supplier lag is the binding constraint, and Airbus cut its 2026 A220 target from 14 to 12 a month in response. Industry expectations are for constraints to persist through 2027.

The Aftermarket Supercycle

Global MRO demand reached approximately $136 billion in 2025, up 8% year over year, with average fleet age at 13.4 years and rising. Roughly 78% of suppliers report shortages and component lead times of twelve to eighteen months, which has firmed pricing for parts and repair capacity alike.

F-35 at Record Output

Lockheed Martin delivered a record 191 F-35s in 2025 against an annual production plan of 156, and had delivered 1,344 production aircraft cumulatively through the second quarter of 2026. The FY2027 request funds 85 aircraft for U.S. services, with the balance to partner nations.

The Next Generation of Programs

B-21, F-47 and the Collaborative Combat Aircraft family represent the next tranche of airframe demand, with the Air Force contemplating at least 1,000 uncrewed CCA. New programs favor suppliers already qualified on current platforms, since requalification is the slowest step.

FY2027 Authorization

The FY2027 National Defense Authorization Act passed the House on July 22 authorizing approximately $1.14 trillion, though the Senate companion stalled on the floor. Authorization is not appropriation, and the gap between the two remains the principal timing risk for suppliers planning capacity.

Headwinds: A Section 232 proclamation covering commercial aircraft, jet engines and parts was signed on July 9, 2026. It imposed no tariffs but opened a 180-day negotiating window, leaving the tariff question unresolved into January 2027. Material cost inflation ran 100 to 200 basis points above plan in 2025, roughly 90% of MRO respondents report tariff impacts, and the working capital required to fund a production ramp falls hardest on the smallest suppliers.

QUALIFIED CAPACITY IS THE MOAT

The question in this subsector is not who can design a part. It is who is already qualified to make it, at rate, on an approved process, for a program that is ramping now. That distinction explains both the re-rating and the acquisition activity, and it is also where the model is most exposed.

WHY THE CONSTRAINT IS STRUCTURAL

- Large structural forgings depend on presses above 30,000 tons, which exist in only six countries. Capacity cannot be added on a program timeline.
- AS9100, NADCAP and ITAR qualification takes years, is process- and site-specific, and does not transfer with a purchase order. Buying a qualified shop is faster than building one.
- Roughly 78% of suppliers report shortages, with component lead times of twelve to eighteen months. Scarcity has moved pricing power down the chain toward the supplier.
- Boeing's reabsorption of Spirit AeroSystems removed a tier-one shock absorber from the structure, pushing rate risk and working capital further out to the tiers below.

WHERE THE MODEL BREAKS

- Program concentration. Several constituents derive the majority of revenue from a single platform or a single prime, and a rate cut passes straight through.
- Working capital. Funding a ramp consumes cash before it produces it, and the smallest suppliers finance that gap on the least favorable terms.
- Tariffs and input costs. Material inflation ran above plan in 2025 and the Section 232 question is unresolved; pass-through is rarely immediate under long-term agreements.
- Buyer power. The primes and the large tier-ones negotiate against a supply base of sub-$100 million companies, which caps the margin a qualified position can earn.

Scarcity, not growth, is what re-rated this cohort. The corollary is that the re-rating persists only as long as capacity stays tight, which makes build rates and supplier lead times the variables worth tracking.

Index Performance & Valuation

Stock performance through July and how the subsector is valued on a multiples basis

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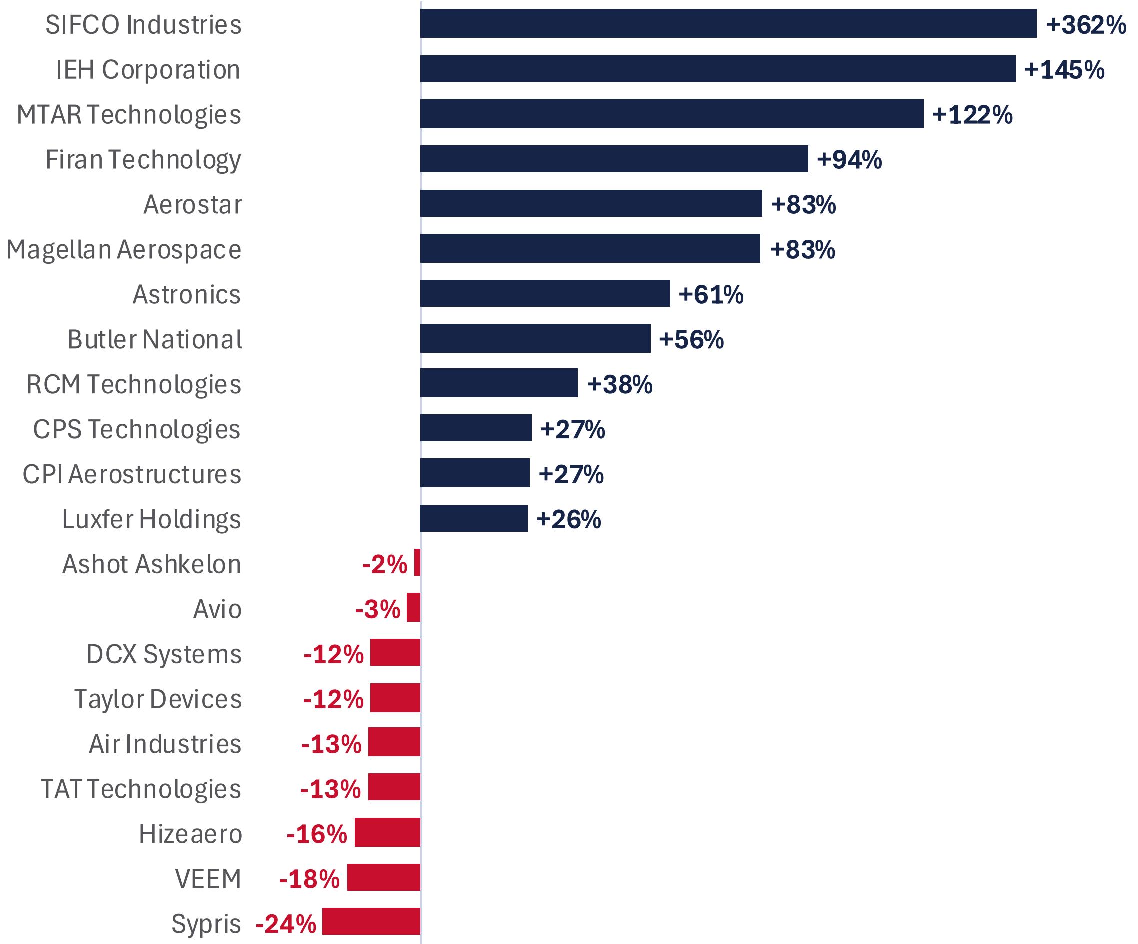
INDEX PERFORMANCE THROUGH JULY

The 24 constituents posted an equal-weighted average return of +43.1% year to date, well ahead of +9.6% for the full Index and +9.3% for the five prime contractors. The average is flattered by one extreme outcome, but the breadth is real: 14 of 24 names finished positive and 8 returned more than 50%. The gap between best and worst performer was 391 percentage points.

Constituents	24
Avg YTD return (through July)	+43.1%
Avg YTD, ex. three shells	+48.1%
SSG Small-Cap Defense Index	+9.6%
SSG prime contractors	+9.3%
Average LTM return	+69.3%
Total market cap	~$5.8B

YTD RETURN THROUGH JULY, BY CONSTITUENT (%)



Note: NRP Stone, Xeriant and Ascent Solar Technologies are pre-revenue index members excluded from the chart and from the ex-shell average. SIFCO's bar is truncated at the axis maximum; its actual return is +362.0%. Source: SSG proprietary index, FactSet. Equal-weighted, price-based; not an investable product.

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VALUATION AND TRADING COMPARABLES

This is the one subsector in the Index where earnings multiples are broadly meaningful: 20 of 24 constituents are EBITDA-positive. The cohort trades at a median 1.9x EV / 2025 revenue and 16.9x EV / LTM EBITDA, compressing only to 1.4x on 2026 estimates because the revenue is already there.

Company	Ticker	Market Cap ($M)	EV/LTM Revenue	EV/26E Revenue	EV/LTM EBITDA	YTD Jul
SIFCO Industries	SIF	21	1.9x	n/m	13.8x	**+362.0%**
IEH Corporation	IEHC	58	1.7x	1.4x	n/m	**+144.7%**
MTAR Technologies	543270	783	15.6x	n/m	73.2x	**+122.3%**
Firan Technology	FTG	139	3.0x	2.0x	18.6x	**+94.2%**
Aerostar	ARS	94	3.5x	n/m	15.1x	**+83.1%**
Magellan Aerospace	MAL	159	1.9x	1.3x	15.2x	**+82.9%**
Astronics	ATRO	1,534	3.8x	3.4x	29.7x	**+60.6%**
Butler National	BUKS	302	3.8x	n/m	10.6x	**+55.8%**
RCM Technologies	RCMT	98	0.7x	0.7x	8.4x	**+38.4%**
CPS Technologies	CPSH	45	2.0x	1.8x	166.9x	**+26.9%**
CPI Aerostructures	CVU	37	1.3x	n/m	30.4x	**+26.5%**
Luxfer Holdings	LXFR	355	1.4x	1.4x	10.5x	**+25.9%**
Ashot Ashkelon	ASHO	290	5.3x	n/m	26.0x	**-1.5%**
Avio	AVIO	1,240	1.3x	1.4x	27.0x	**-3.2%**
DCX Systems	543650	n/a	1.1x	n/m	n/m	**-12.2%**
Taylor Devices	TAYD	n/a	2.6x	2.2x	10.1x	**-12.2%**
Air Industries	AIRI	12	0.9x	n/m	12.2x	**-12.7%**
TAT Technologies	TATT	510	2.7x	2.4x	21.1x	**-12.9%**
Hizeaero	221840	17	0.9x	n/m	9.8x	**-16.2%**
VEEM	VEE	n/a	1.8x	1.3x	20.5x	**-18.1%**
Sypris	SYPR	30	0.6x	n/m	n/m	**-23.8%**
Subsector median			**1.9x**	**1.4x**	**16.9x**	**+26.2%**

Source: SSG proprietary index, FactSet. Ranked by year-to-date return. Multiples on enterprise value; "n/m" denotes not meaningful (negative, absent, or distorted) and "n/a" that the source lacks a share count. NRP Stone, Xeriant and Ascent Solar Technologies are omitted as pre-revenue. Forward estimates for MTAR Technologies and DCX Systems are carried in local currency in the source data and are shown as n/m. Point-in-time; for informational purposes only.

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WHAT THE MULTIPLES TELL US

01

Earnings, not narrative

The cohort trades at a median 1.9x EV / 2025 revenue and 16.9x EV / LTM EBITDA, with 20 of 24 names EBITDA-positive on $4.4B of aggregate 2025 revenue. Forward compression is mild, to 1.4x on 2026 estimates, because the revenue is already in the numbers.

02

The roll-up arbitrage

Private machining businesses transact at roughly 4x to 5x EBITDA without aerospace credentials and 7x to 11x with AS9100, ITAR and NADCAP. The public cohort holds 16.9x. That spread is the engine behind the consolidation that follows.

03

Defense mix is the differentiator

The names that re-rated hardest were those shifting revenue toward defense and toward qualified, sole-source content. SIFCO, MTAR and Firan moved on mix and throughput, not on multiple expansion alone; the commercial-weighted names lagged.

THE VALUATION READ-THROUGH

Aerospace Components is priced as an industrial cohort, not as an option on scale. That is unusual within the SSG Index, where most subsectors trade on revenue because earnings do not yet exist, and it is why this group held up while Autonomy / Unmanned de-rated 19.9% over the same window. The risk in the setup is its mirror image: the public names now trade above the multiples at which comparable private capacity changes hands, which raises the bar for public acquirers and makes the sponsors the more natural buyers of the remaining private tail.

Capital Markets Activity

M&A, equity and debt across the listed cohort and the private supply base beneath it

CAPITAL MARKETS ACTIVITY, YEAR TO DATE

From January 1 through July 31 the SSG Deal Tracker recorded 28 closed M&A transactions, 4 closed equity raises and no closed debt financings touching the subsector. Thus, M&A is the main character here. Aerospace Components accounted for roughly a third of all closed defense M&A the tracker captured in 2026, more than any other subsector, and the overwhelming majority of it involved private targets at undisclosed terms.

M&A

28

closed transactions

~$2.2B disclosed

Leonardo / Iveco Defence ($1,972M) is 89% of the disclosed total. Ex-Leonardo: $243M across 5 priced deals.

EQUITY

4

closed raises

~$213M raised

Venus Aerospace ($91M), Talon Precision ($75M), Greenjets ($40M), KTEK Aerosystems ($7.2M IPO). Three of four were private.

DEBT

0

closed transactions

no 2026 issuance

The tracker holds no closed Aerospace Components debt financing in 2026. The cohort funds itself from operating cash flow and from its acquirers' balance sheets.

Note: headline counts reflect closed transactions in which the acquirer or target is categorized Aerospace Components; pending transactions are addressed in Looking Ahead. 17 of the 28 closings fell in July, which partly reflects a broadening of tracker coverage into private lower-middle-market transactions during the month rather than deal flow alone; month-to-month comparisons are indicative.

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M&A ACTIVITY

Acquirer	Target	Value	Country
Leonardo	Iveco Defence Vehicles	$1,972M	IT
Karman Space & Defense	Seemann Composites	$110M	US
Karman Space & Defense	Materials Sciences	$110M	US
Sigma Advanced Systems	Bromford Precision	$18M	UK
PMGC Holdings	A&B Aerospace	$4M	US
Data Patterns	ST Adv. Composites	$1M	IN
Ventus Industrial	General Tool Company	N/D	US
Ventus Industrial	Magna Machine Company	N/D	US
AFM Capital Partners	Incodema3D Holdings	N/D	US
Talon Precision	B & A Company	N/D	US
Godspeed Capital	GALT Aerospace	N/D	US
Sensofusion	Atol Aviation	N/D	FI
Solestra Group	Aerofab Corp	N/D	US
Embraer	EZ Air	N/D	MX

Acquirer	Target	Value	Country
ITT	Aerospace Contacts	N/D	US
Precinmac	Advance Manufacturing	N/D	US
Applied Aerospace	Consolidated Boring	N/D	US
AE Industrial Partners	Powder Alloy	N/D	US
Pelican Energy Partners	Veridiam	N/D	US
Alinabal Group	Industrial Precision	N/D	US
DCX Systems	ELTX Systems	N/D	IN
ADC Aerospace	Hyatt Die Cast	N/D	US
Thrust Capital Partners	ALPHACASTING	N/D	FR
NRB Bearings	Mahant Tool Room	N/D	IN
Axvik Group	Pentaxia	N/D	UK
Tinicum	GracoRoberts	N/D	US
Lake Central Air Svcs	Coastal Defence Systems	N/D	CA
Bondada Engineering	KCS Engineering	N/D	IN

Source: SSG Deal Tracker. Closed transactions January 1 to July 31, 2026 in which the acquirer or target is categorized Aerospace Components. "N/D" denotes terms not publicly disclosed; SSG does not estimate undisclosed values. Country shown is the target's. Leonardo / Iveco Defence Vehicles sits above SSG's micro- and small-cap coverage range and is included because both parties are categorized to the subsector.

M&A DEAL SPOTLIGHTS

Leonardo / Iveco Defence — $1,972M

Closed in March, this is the single largest transaction in the subsector year to date and 89% of its disclosed value. Leonardo acquired Iveco Group's defence vehicles business, consolidating Italian land-systems and vehicle-structures capacity. At this size the transaction sits above SSG's micro- and small-cap coverage range, and the rest of this report treats it separately for that reason.

Karman Space & Defense — $220M

Karman closed Seemann Composites and Materials Sciences on the same day in February for approximately $110M each, adding composite structures and engineered materials to a platform that itself listed in 2025. In July it agreed to acquire Walker Precision Engineering of the United Kingdom for $94M. A serial acquirer of exactly the qualified capacity this report describes.

TransDigm / Prince & Izant — $1,066M

Announced July 27 and pending at period end. TransDigm agreed to acquire Prince & Izant, a Cleveland-based maker of brazing alloys and specialty metal components expected to generate roughly $360M of calendar 2026 revenue, from Industrial Growth Partners. The cleanest illustration of the sponsor-to-strategic exit: a private-equity owner builds a certified specialty-materials platform and sells it to a strategic at roughly 3x revenue.

Air Industries / Tenax — $387M

Pending at period end, and transformational for the smallest constituent in the cohort. Tenax Aerospace members would hold 95% of the combined company against 5% for existing Air Industries holders, creating a platform with roughly $183M of revenue and $65M of adjusted EBITDA, against Air Industries' own $4M of EBITDA. An amended agreement on July 2 added a one-for-five reverse split to preserve the NYSE American listing.

M&A: KEY THEMES

Sponsors Buying Certified Capacity

The dominant pattern was private equity acquiring qualified machining, forging and coating businesses: AE Industrial / Powder Alloy, Arcline / Avantus Aerospace, Godspeed / GALT Aerospace, Tinicum / GracoRoberts, Pelican Energy / Veridiam, Thrust Capital / ALPHACASTING, Ventus Industrial / General Tool and Magna Machine, and Precinmac / Advance Manufacturing. Buying an AS9100 and NADCAP position is faster than qualifying one.

The Sponsor-to-Strategic Exit

The second half of that trade also cleared. TransDigm agreed to buy Prince & Izant from Industrial Growth Partners for approximately $1.07 billion, and Advent International took a $118 million minority position in Avio. Strategics paying public-market multiples for sponsor-built platforms is what makes the roll-up arithmetic work, and it is why the private tail keeps attracting capital.

India as a Second Cluster

Four of the closed targets were Indian, and the acquirers were Indian too: Data Patterns / ST Advanced Composites, Bondada Engineering / KCS Engineering, NRB Bearings / Mahant Tool Room, and DCX Systems / ELTX Systems. Sigma Advanced Systems also reached from India into the United Kingdom for Bromford Precision. A domestic consolidation running in parallel with the U.S. one, on the same logic.

Mostly Private, Mostly Undisclosed

Only 6 of 28 closed transactions carried a publicly reported value, and one of those is Leonardo / Iveco. Strip it out and 5 priced deals account for $243 million. Disclosed value materially understates activity in this subsector, and deal count is the better measure of what is actually happening.

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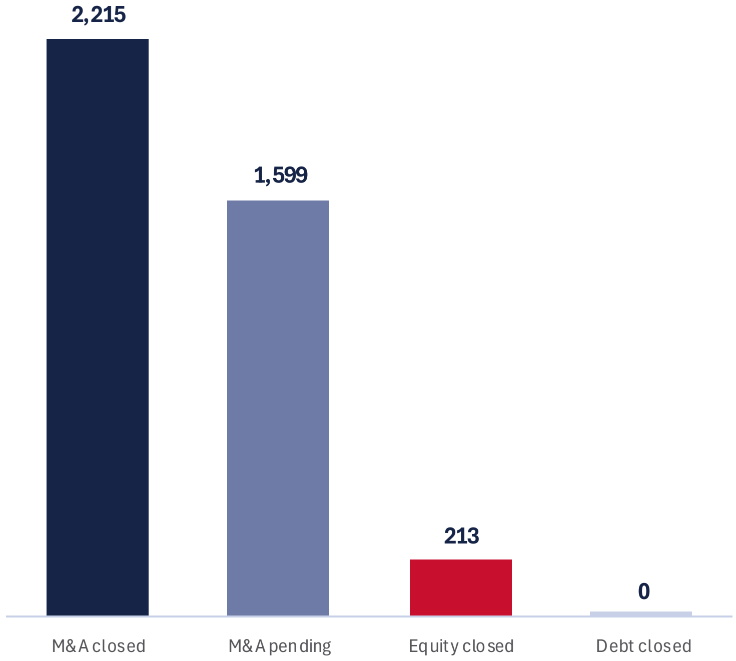
EQUITY AND DEBT FINANCING

Equity was a minor channel and debt was absent altogether. Three of the four closed raises were private placements and the only public-market transaction was a small ASX listing. The listed constituents are cash-generative enough not to need the market, which is what separates this subsector from the rest of the Index.

Company	Structure	Amount ($M)	Status
Venus Aerospace	Private Placement	**91.0**	Closed Jul 8
Talon Precision	Private Placement	**75.0**	Closed Jul 14
Greenjets	Private Placement	**40.0**	Closed Jul 17
KTEK Aerosystems	IPO / Secondary (ASX)	**7.2**	Closed May 18
Closed total	4 transactions	**213.2**	—
Park Aerospace	At-the-Market (NYSE)	**150.0**	Ongoing
Ascent Solar	Private Placement	**0.8**	Ongoing
CPS Technologies	Firm Commitment	**N/D**	Pending

Source: SSG Deal Tracker. Equity raises categorized Aerospace Components; closed transactions January 1 to July 31, 2026, with ongoing and pending programs shown below the closed total. No closed debt financing was recorded in the period.

DISCLOSED CAPITAL BY CHANNEL ($M)



THE PRIVATE PIPELINE

Venus, Talon, Greenjets | $206M

The subsector's equity capital went almost entirely to private companies, and all three of the year's meaningful rounds closed within ten days of each other in July. Venus Aerospace raised $91M for rotating detonation rocket engines, Talon Precision $75M to fund a machining roll-up that had already closed B & A Company in March, and the United Kingdom's Greenjets $40M for electric propulsion. Different technologies, one thesis: qualified manufacturing capacity is worth funding.

The Sponsor-Built Platforms

The private tier is where the scale sits. Prince & Izant reached roughly $360M of revenue under Industrial Growth Partners before TransDigm agreed to buy it. Tenax Aerospace carries about $179M of revenue and $61M of EBITDA into its reverse merger with Air Industries. Avantus Aerospace, acquired by Arcline in July, and Precinmac, itself an active acquirer, follow the same pattern: assemble certified capacity privately, then sell scale to a strategic or to the public market.

THE SPONSOR ROSTER

Financial sponsors appeared on at least ten closed or pending transactions in the subsector this year: AE Industrial Partners, Arcline Investment Partners, Godspeed Capital, Tinicum, Pelican Energy Partners, Thrust Capital Partners, Ventus Industrial Partners, AFM Capital Partners, Advent International and Industrial Growth Partners, alongside sponsor-backed strategics such as Precinmac and Karman.

Read-through: The listed cohort did not need capital this year, thus did not raise it. The capital went instead to the private tier that supplies and will eventually be sold into that cohort, which is why M&A rather than issuance is the right lens on this subsector. For an advisor, the addressable population is not the twenty-four public names but the several hundred certified private shops behind them, most of which will transact at undisclosed terms.

Company Landscape

The twenty-four index constituents, ranked by year-to-date performance

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COMPANY LANDSCAPE: THE LEADERS

SIFCO Industries

SIF · +362.0%

The year's outlier. The Cleveland forger returned to profitability after divesting its Italian operations, and military revenue rose 57% year over year to become 63.8% of sales in the fiscal first quarter. Aerospace and industrial-gas-turbine forgings, landing gear and structural airframe components. Still a $21M market cap on $95M of trailing revenue.

IEH Corporation

IEHC · +144.7%

A Brooklyn maker of hyperboloid printed-circuit connectors for high-reliability aerospace and defense applications, founded in 1941 and still under $60M of market value. Trades at 1.7x trailing revenue. A clean example of a sole-source, qualified niche that the market re-rated once volumes turned.

MTAR Technologies

543270 · +122.3%

Hyderabad-based precision engineering for nuclear, space, defense and clean energy, including rocket engine subsystems and critical assemblies. The most expensive name in the cohort at 15.6x trailing revenue, reflecting an Indian domestic-manufacturing premium rather than the industrial multiples the rest of the group carries.

Firan Technology

FTG · +94.2%

Toronto-based, split between printed circuit boards and illuminated cockpit panels and assemblies. A defense-weighted mix and 15.8% EBITDA margins on $135M of 2025 revenue. At 3.0x revenue and 18.6x trailing EBITDA it now trades near the top of the cohort's industrial range.

Aerostar

ARS · +83.1%

Romania's aeronautical manufacturer and MRO provider, in business since 1953, serving civil aviation alongside defense, ground and naval systems. The highest-margin constituent of scale at 21.1% on 2025 revenue of $139M, and a direct beneficiary of European rearmament and regional MRO demand.

Magellan Aerospace

MAL · +82.9%

The largest revenue base in the cohort at $748M, supplying complex assemblies, aero engines, aerostructures and rocket and space products from Canada. At 1.9x revenue and 15.2x trailing EBITDA it remains valued as a cyclical machining business despite the rate ramp running through its order book.

SCALE, PROPULSION AND THE REST OF THE COHORT

Astronics

ATRO · +60.6%

The largest constituent by market value at $1.5B. Electrical power generation and distribution, lighting and safety, avionics and aircraft structures, alongside a Test Systems segment building military test and training equipment. The clearest pure read-through to commercial build rates in the cohort.

Avio

AVIO · -3.2%

Italy's launch and propulsion specialist, responsible for Vega and for solid rocket motors, with $664M of 2025 revenue. Flat on the year despite the sector move, and the subject of a pending $118M minority investment by Advent International announced in July.

Luxfer Holdings

LXFR · +25.9%

High-pressure gas cylinders plus magnesium, zirconium and rare-earth-based specialty materials for defense, emergency response and industrial markets. $385M of 2025 revenue at 12.6% margins, and one of the few constituents with direct exposure to the critical-materials theme running through the wider Index.

ALSO IN THE INDEX'S 24 COMPANIES

Modification, Services & Materials (+27% to +56%)
Butler National, RCM Technologies, CPS Technologies and CPI Aerostructures: aircraft modification, engineering services, metal-matrix composites and structural assemblies.

Drivetrains, Damping and MRO (−2% to −13%)
Ashot Ashkelon, Taylor Devices, TAT Technologies and DCX Systems: jet engine shafts, energy absorption, heat transfer and defense interconnect. Profitable, but flat to down.

The Laggards (−13% to −24%)
Air Industries, Hizeaero, VEEM and Sypris: landing and arresting gear, Korean airframe assembly, marine propulsion, and truck and pipeline components.

OTHER NOTES

Three index members are pre-revenue and carried for completeness only: NRP Stone (+29.0%), parent of Uplift Aerospace; Xeriant (+23.2%), an electric-VTOL and advanced-materials developer quoted near a cent; and Ascent Solar Technologies (−29.2%), a thin-film photovoltaic maker serving aerospace. Each carries revenue multiples above 100x on a negligible base, so all three are excluded from the comparables table and from the performance chart, though they remain in the headline average. Excluding them lifts the cohort's year-to-date return from +43.1% to +48.1%.

LOOKING AHEAD

Several developments are likely to shape the subsector through the balance of 2026. A pending pipeline of $1.6 billion in disclosed value, an unresolved tariff question with a fixed deadline, and a commercial rate ramp that the supply base has not yet caught up with all point to continued activity and continued separation between qualified capacity and the rest.

A $1.6 billion pending pipeline

Eight transactions were pending at July 31 carrying $1,599 million of disclosed value: TransDigm / Prince & Izant ($1,000M as tracked), Air Industries / Tenax ($387M), Advent / Avio ($118M) and Karman / Walker Precision ($94M), alongside Arcline / Avantus, EDGE Group / Akaer, Olin / Huntsman and A&B Aerospace / AGA Precision at undisclosed terms. July's conversion rate suggests a meaningful share will close.

The Section 232 clock

The July 9 proclamation on commercial aircraft, jet engines and parts imposed no tariffs but set a 180-day window for Commerce and USTR to negotiate agreements, expiring in early January 2027. If no deal is reached the President may impose measures. This is the single largest policy variable for the subsector, and it lands during the same quarter as FY2027 appropriations.

The rate ramp meets supplier lag

Boeing is planning increases beyond 47 a month on the 737 and Airbus is targeting 75 on the A320neo family by 2027, while lead times of twelve to eighteen months persist and Airbus has already trimmed its A220 target on supplier constraints. Suppliers that can add qualified capacity should keep pricing power; those that cannot will cede share.

Watch items

Whether a +43.1% re-rating holds when the public cohort trades at 16.9x EBITDA while comparable private capacity changes hands at 7x to 11x; whether the disclosed-value gap narrows as sponsors exit into strategics; and whether the aftermarket-weighted names, which lagged this year, catch up as fleet age and parts scarcity continue to build.

METHODOLOGY AND DISCLAIMER

DEAL TRACKER & INDEX METHODOLOGY

The SSG Deal Tracker is compiled through systematic, multi-source research, including SEC EDGAR filings, SEDAR+, ASX and BSE announcements, wire services, trade publications, and company filings. This report covers transactions touching the Aerospace Components subsector from January 1 through July 31, 2026, in which the acquirer, issuer, or target is so categorized.

All values reflect disclosed terms only; undisclosed values carry an “N/D” designation and SSG does not estimate them. Headline counts reflect closed transactions; pending deals are discussed separately. Counts reflect a broadening of research coverage into private lower-middle-market transactions during July, so month-to-month comparisons within 2026 are indicative only. Leonardo / Iveco Defence Vehicles is above SSG's usual micro- and small-cap coverage range; its effect on disclosed value is shown separately.

The SSG Small-Cap Defense Index is an equal-weighted, price-return monitor of 77 companies across seven subsectors. Returns are price-based and exclude dividends. Year-to-date measures January 1 to July 31, 2026; LTM measures the trailing twelve months to the same date. Market data is sourced from FactSet. The Index is a market intelligence tool, not an investable product.

Valuation multiples cover constituents with positive, meaningful figures. NRP Stone, Xeriant and Ascent Solar are pre-revenue and are excluded from the comparables table and performance chart while remaining in the headline averages. Forward estimates for MTAR and DCX Systems are carried in local currency in the source data and shown as not meaningful, and market capitalization is unavailable for four constituents. Research does not include premium databases (Bloomberg, PitchBook, Capital IQ, Dealogic), which would likely surface additional private placements and non-U.S. filings, so coverage of private and non-English-language deals may be incomplete.

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This report is for informational purposes only and does not constitute an offer, solicitation, or recommendation to buy or sell any security or to make any investment decision. All information derives from publicly available sources believed to be reliable, but SSG makes no representation or warranty as to accuracy, completeness, or timeliness. Past performance is not indicative of future results.

Small-cap defense companies may experience greater volatility, limited liquidity, funding risk, and customer concentration than larger defense contractors. Investors should conduct their own due diligence and consult professional advisors before acting on any information contained herein.

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Market-size and growth figures cited are third-party industry estimates included for context and are directional, not SSG projections.

ABOUT SECURE STRATEGY GROUP

Founded in 2008, Secure Strategy Group is a boutique advisory firm that helps emerging defense companies achieve their growth and strategic objectives through capital raising, M&A advisory, business development, and market intelligence.

SSG's focus is exclusively on the defense sector. We work with companies across the full spectrum of defense technology, from defense electronics and autonomous systems to aerospace components, space systems, and critical materials, serving both public and private companies at the micro- and small-cap level along with the investors, acquirers, and strategic partners seeking access to this segment.

The SSG Defense Small-Cap Index and Defense Deal Tracker are proprietary market intelligence tools designed to provide greater visibility into emerging defense companies, and insight into capital flow, M&A transactions, and valuation metrics. Access is provided at no cost upon registration at www.securesg.com.

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