

KippsDeSanto Report Forecasts M&A Activity Increase in Aerospace, Defense and Government Services Sectors

More than 90 percent of survey respondents expect economic growth in 2018

TYSONS CORNER, VA. (June 26, 2018) — KippsDeSanto & Co. revealed the results of its first-ever Mergers and Acquisitions (M&A) Survey for the Aerospace / Defense and Government Services Sectors. Dealmakers were optimistic about the overall economy and M&A activity in the near- to medium-term, expecting activity levels and valuations to increase in 2018.

“Across all the sectors we surveyed, most respondents were optimistic that anticipated M&A activity levels would be up 5 percent or more,” said Managing Director Bob Kipps. “This confidence level for the aerospace, defense and government services sectors is resulting, in part, from last year’s tax law changes, ongoing economic confidence, and an improved U.S. defense budget picture.”

Predictions were most positive for the government services sector, where over 75 percent of respondents expect the number of deals to increase. This projected increase continues a growth trend in government services deals, which led to 102 deals announced in 2017, up from 88 in 2016. Similarly, more than two thirds of respondents think defense sector deals will be up by 5 percent or more in 2018, predicting an uptick in deals following two flat to down years.

Dealmakers also believe activity in the aerospace sector may be stabilizing or increasing in 2018 after three consecutive years of reduced activity levels. Nearly half of the survey respondents predicted that aerospace deals will increase by 5 percent or more, while the other half says they will remain the same.

“Across all sectors, almost half of survey respondents think valuations will be up from 2017. Plus, it’s evident that the primary goal that drives M&A strategy continues to be the addition of new capabilities, products or technologies,” said Managing Director Kevin DeSanto. “Almost half of the leaders surveyed agreed, with another third ranking the adding of new customers as their top priority.”

Overall, 168 dealmakers who are interested in the aerospace, defense and government services sectors — reflecting both strategic buyers and leading private equity groups — participated in the survey. Nearly 50 percent of the strategic buyer participants represented public companies, including most of the largest and most active industry buyers.

For more complete survey results, visit KippsDesanto.com.

About KippsDeSanto & Co.: KippsDeSanto & Co. is an investment bank focused on delivering exceptional results for leading, growth-oriented aerospace / defense and technology companies. We leverage our creativity and industry experience to provide M&A, private financing and strategic consulting. Capitalizing on real-time industry trends and in-depth technical and strategic analysis, our solutions-driven approach is highly structured and uniquely tailored to each client. KippsDeSanto is recognized for its market insight and broad industry relationships. We help market leaders realize their full strategic value. KippsDeSanto, member FINRA/SIPC, is not affiliated with other companies mentioned herein. For more information, visit www.kippsdesanto.com.

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