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AVIATIONWEEK

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Virgin Galactic's
Spaceplane Advances

Asian Boost for
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UP FRONT

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OVER THE PAST TWO DECADES, there has been a plethora of aerospace and defense public company acquisitions.

Some of the most storied names in the supply chain have either been taken private or acquired by other public companies—including Aerojet Rocketdyne, B/E Aerospace, Cobham, Cubic, DRS, Esterline, GKN, Goodrich, Kaman, L3, Meggitt, OrbitalATK, Precision Castparts, Rockwell Collins, Senior, Spirit AeroSystems, Triumph, Ultra Electronics and Zodiac.

The total enterprise value of the aforementioned companies at the time of acquisition is over \$190 billion. This has contributed to the hollowing out of the

The Mother of All IPOs

SpaceX to join the wave of
newly minted public companies

aerospace and defense supply chain—OEM integrators on one side and Tier 3 component suppliers on the other, with comparatively few suppliers in between.

In the last five years, a reverse trend has emerged. A steady stream of aerospace and defense initial public offerings (IPO) have occurred. Broadly speaking, aerospace and defense IPO activity falls into six categories: electric vertical-takeoff-and-landing vehicles, space and satellites, defense technology, proprietary aftermarket, European defense and SpaceX, which is a category unto itself.

The initial wave of newly minted public companies started in 2021, during which time about a dozen private aerospace and defense companies converted to public ownership by way of a special-purpose acquisition company (SPAC). Although some of these SPACs have performed well (Rocket Lab, AST SpaceMobile, Planet Labs), others have underperformed markedly or gone out of business (Virgin Orbit, Lilium, Terran Orbital, Astra).

Since then 11 successful IPOs have emerged (see chart), and these companies collectively raised over \$10 billion at a combined valuation of about \$77 billion. Due to the success of these IPOs, coupled with strong industry fundamentals and investor demand, an onslaught of other aerospace and defense IPOs is expected.

Various private equity groups are rumored to be contemplating aerospace and defense portfolio company IPOs, including Advent, Arcline, Audax, Carlyle, Clayton Dubilier, Greenbriar, Jordan Co., Veritas, Warburg Pincus and Tincum.

Similarly, Anduril, Epirus, Helsing, Saronic Technologies and Shield AI are likely to issue IPOs in the next 12-24 months. These “unicorns” enjoy unprecedented private market valuations. Anduril recently completed a Series H capital raise of \$4 billion at a \$60 billion valuation. Anduril is reported to have revenues of about \$2 billion, which equates to a price-to-sales ratio of 30x. Founder Palmer Luckey has said that Anduril plans to become a public company.

The most consequential of all anticipated aerospace and defense IPOs is SpaceX's, which reportedly aims to raise \$75 billion at a valuation of \$1.75 trillion. This would represent the largest IPO in history—2.5 times the second-largest on record. By any measure, this valuation is staggering, equating to an estimated price-to-sales ratio of 115x and ratio of price to earnings before interest, taxes, depreciation and amortization of over 218x, based on fiscal 2025 operating results.

SpaceX's proposed IPO valuation exceeds that of Boeing, Lockheed Martin, Northrop Grumman, RTX and GE Aerospace, which have a combined market capitalization of about \$1 trillion—equal to approxi-

IPO Date	Target (Ticker)	Segment	Raised	Valuation (Billions)
Apr '26	Arxis (NasdaqGS: ARXS)	Proprietary aircraft parts	\$1.1 Billion	\$11.3
Apr '26	Aevex (NYSE: AVEX)	Uncrewed aircraft systems	320 Million	2.2
Jan '26	York Space (NYSE: YSS)	End-to-end space services	629 Million	4.8
Jan '26	Czechoslovak Group (Enxtram: CSG)	Artillery & ammunition	3.5 Billion	30
Aug '25	Firefly (Nasdaq FLY)	End-to-end space services	868 Million	6.3
Jun '25	Voyager Space (NYSE: VOYG)	Space infrastructure	382 Million	3.8
Feb '25	Karman (NYSE: KRMN)	Missile & space hardware	506 Million	3.4
Oct '24	StandardAero (NYSE: SARO)	Engine, APU & avionics aftermarket	1.4 Billion	10
Apr '24	Loar Group (NYSE: LOAR)	Proprietary aftermarket parts	325 Million	2.3
Feb '24	Renk Group (XTRA: R3NK)	Propulsion & drivetrain	580 Million	1.6
Sep '20	Hensoldt (XTRA: HAG)	Sensors, EW, optronics	538 Million	1.5

Source: Janes Capital Partners

mately 57% of SpaceX's proposed IPO valuation—even though those companies' \$325 billion combined revenue in fiscal 2025 was 22 times that of SpaceX.

Post-IPO, CEO Elon Musk will likely become the world's first and only trillionaire, and hundreds of SpaceX's 18,000 employees, many in their 20s and 30s, will likely become millionaires. The scale of the SpaceX IPO will undoubtedly create strong positive ripple effects, enhancing the prospects of aerospace and defense IPOs that follow.

In the past, some of the IPOs described above would have pursued a merger and acquisition (M&A) path. Surging IPOs have in part displaced M&A activity. Paradoxically, a number of companies became IPO candidates by making extensive acquisitions pre-IPO; many also became active acquirers post-IPO due to their high-priced stock. In time, some companies that go public will themselves become M&A targets—if or when their performance falters or their stock price reverts to the mean from a valuation perspective. Do not expect this to occur anytime soon. IPO activity and valuations are expected to remain elevated for the foreseeable future. ☼

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