



This Monitor
is POWERED by
Peer Group
Insights

Aerospace & Defence Industry Monitor

**Valuations at Record High: New Normal or
Correction Possible? What to Look for in A&D?**



PwC Aerospace & Defence Monitor

We are launching this recurring Aerospace & Defence Monitor now because the European aerospace and defence sector is at a pivotal inflection point. Record government spending, accelerated modernisation programmes, and the emergence of high-tech defence and space initiatives are reshaping the industry landscape, creating unprecedented opportunities for strategic growth and investment insight.

By tracking financial performance, valuation trends, and market dynamics on a recurring basis, we aim to provide timely, actionable intelligence that empowers decision-makers to navigate this evolving sector with clarity and confidence.

This coverage reflects our commitment to understanding not just where the sector stands today, but where it is heading tomorrow.

Content

1 Executive Summary



2 Macroeconomics



3 Peer Universe



4 Performance Indices



5 Multiples



6 Cost of Capital



7 Industry Flashlight



8 Industry Implications



9 Appendix



Executive Summary

European Aerospace & Defence Sector Is Undergoing a Structural Re-Pricing

- The European Aerospace & Defence sector has entered a fundamentally higher valuation cycle.
- Defence primes benefit from multi-year sovereign demand, strategic-asset status and policy-anchored visibility. In parallel, Civil Aero is progressing through a slower, capacity-constrained post-pandemic recovery, while Space is emerging as an investable high-growth sub-sector.

Valuation Dynamics Show Divergence, Not Dislocation

Capital markets are differentiating sharply across sub-sectors:

- **Defence:** Valuations trade at sustained premiums due to predictable cash flows, long-term contracting and the transfer of cost/schedule risk to governments.
- **Civil Aero:** Multiples remain dispersed as investors reward OEMs with disciplined delivery execution and penalize suppliers exposed to cost inflation, ramp-up friction and certification bottlenecks.
- **Space:** Early-stage players scale rapidly but remain capital-intensive and highly heterogeneous, creating wide valuation bands.

The result is a structural, not speculative, re-pricing across the sector.

A Sector Redefined by Geopolitics, Fiscal Priorities and Technology

- **Geopolitics:** Elevated and persistent geopolitical tension has triggered long-dated commitments to re-armament across Europe.
- **Fiscal policy:** EU-27 defence budgets are on structural upward trajectories, with medium-term commitments providing unprecedented predictability for OEMs and subsystem suppliers.
- **Technology:** Space, sensors, propulsion, AI-enabled systems, and next-generation platforms are expanding the industry's strategic relevance and investable frontier. Together, these forces have created a durable multi-year demand floor rather than a transient cycle.

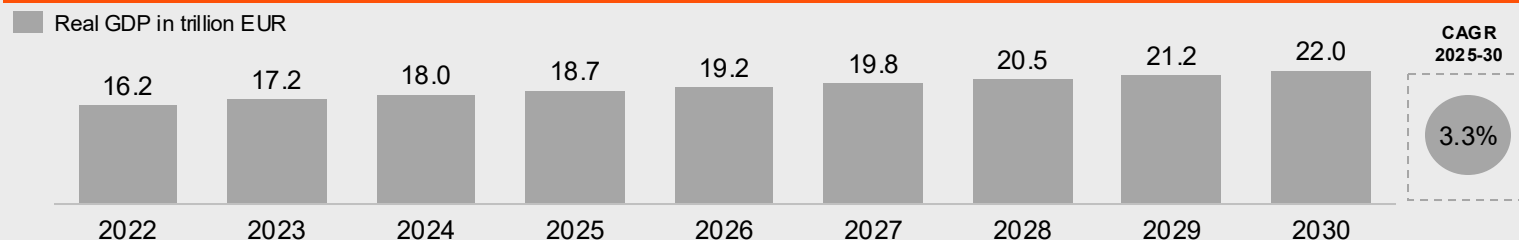
Financial Performance: Policy-Anchored, Backlog-Rich, Resilient

Sector fundamentals remain robust:

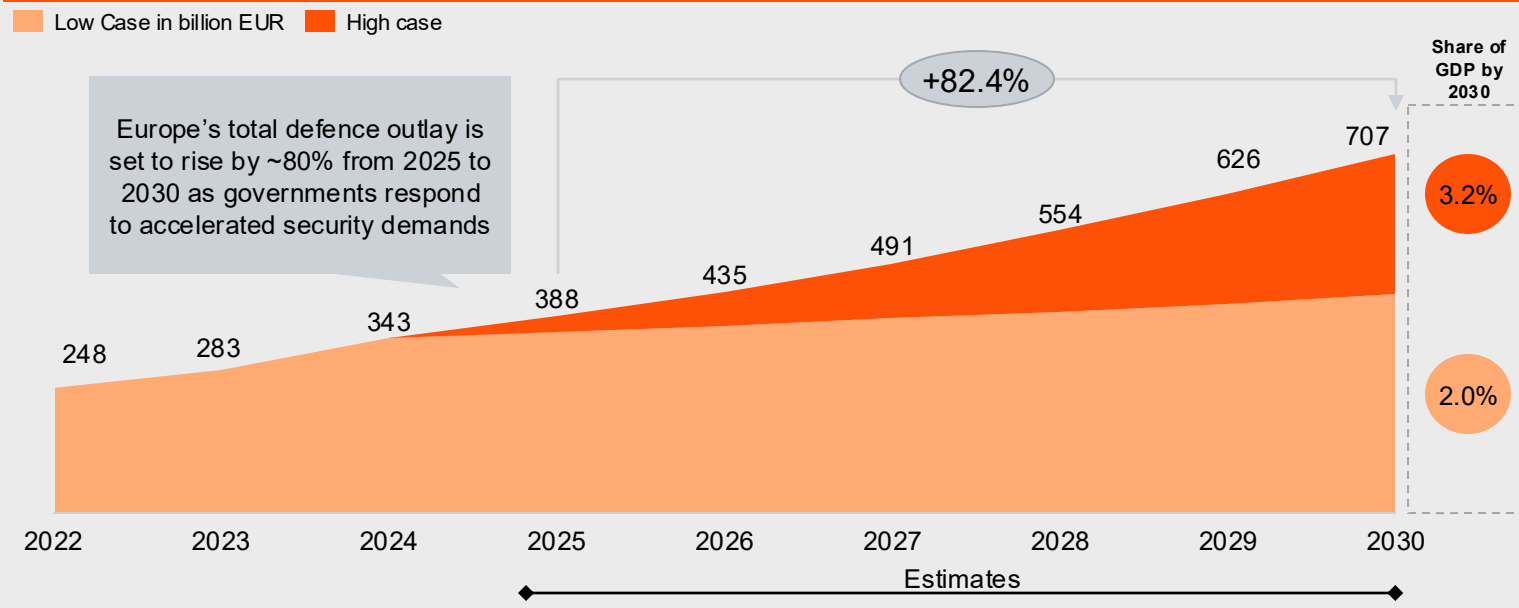
- **Defence:** Double-digit revenue growth, expanding order coverage and multi-year budget visibility into the early 2030s.
- **Civil Aero:** Recovery remains intact but margin expansion hinges on supply-chain stabilisation, production ramp-up discipline and conversion of record backlogs into cash.
- **Space:** Still sub-scale but strategically central; investment flows, technological differentiation and sovereign programmes are accelerating the maturation of the ecosystem.

Europe's Macroeconomic Foundations Supporting a Multi-Year Shift Towards Higher Defence Investment

Europe's GDP Trajectory: A Stable Macroeconomic Anchor Amid Structural Defence Re-Armament



Europe's Rising Defence Share of GDP as a Structural Response to a Shifting Security Environment



Note: USD denominated real GDP forecast, FX conversion at 2025 average; On an LTM Basis as reported by the companies at the time of this report; Source: Capital IQ
Sources: International Monetary Fund (IMF), NATO, S&P Market Intelligence, Stockholm International Peace Research Institute (SIPRI), PwC Research

- **A structurally rising economic base** cushioning the impact of persistently higher defence outlays over the coming decades.
- **Key downside risks remain centered on tariff spillovers and competitiveness** (observed in 2025); still, baseline assumptions envisage gradual increase rather than renewed contraction.
- **Europe's commitment to NATO's 2035 spending framework** is steadily pushing aggregate defence outlays toward approximately ~3.2% of GDP by 2030 (~€700bn).
- **Defence equipment set to increase to ~€220bn by 2030** as a crucial component (~30% based on 2025 estimates) of the total defence outlay.
- **Europe's fiscal frameworks are gradually adapting** to embed higher defence spending as a structural, long-run component of public budgets rather than a temporary post-crisis response.
- **Net effect:** a persistent rise in Europe's structural defence burden, anchored by long-term policy commitments and supported by broad macroeconomic stability.

Defining the Defence Peer Universe: Diversified Industrial Primes Plus Specialized Pure-play Comps Form the Investable Universe

1 AVON TECHNOLOGIES PLC

Revenue	€ 268 m
EBITDA	€ 27 m
EBIT	€ 16 m

6 EXOSENS

Revenue	€ 432 m
EBITDA	€ 105 m
EBIT	€ 91 m

2 babcock

Revenue	€ 5.684 m
EBITDA	€ 569 m
EBIT	€ 485 m

7 FINCANTIERI

Revenue	€ 8.839 m
EBITDA	€ 514 m
EBIT	€ 257 m

3 BAE SYSTEMS

Revenue	€ 31.972 m
EBITDA	€ 3.915 m
EBIT	€ 2.918 m

8 HENSOLDT

Revenue	€ 2.399 m
EBITDA	€ 299 m
EBIT	€ 197 m

4 Chemring Group

Revenue	€ 567 m
EBITDA	€ 108 m
EBIT	€ 83 m

9 indra

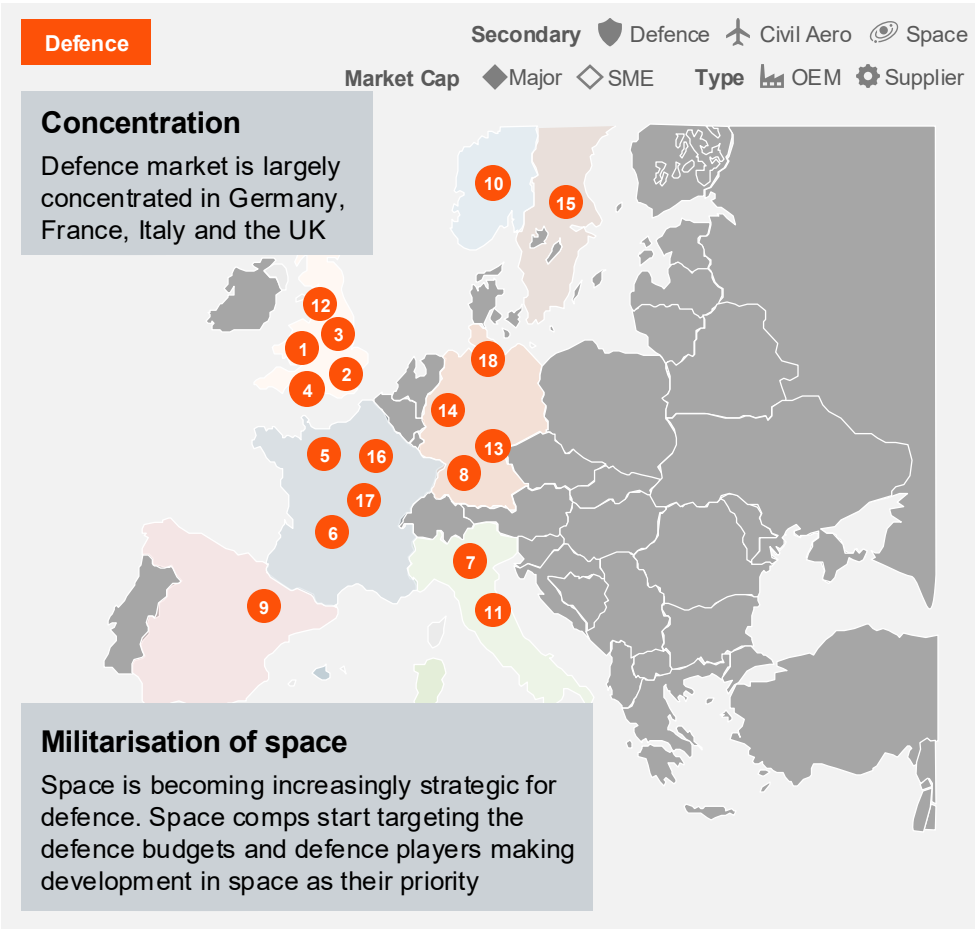
Revenue	€ 5.178 m
EBITDA	€ 511 m
EBIT	€ 467 m

5 DASSAULT AVIATION

Revenue	€ 6.728 m
EBITDA	€ 709 m
EBIT	€ 549 m

10 KONGSBERG

Revenue	€ 2.667 m
EBITDA	€ 497 m
EBIT	€ 397 m



11 LEONARDO

Revenue	€ 19.131 m
EBITDA	€ 2.015 m
EBIT	€ 1.568 m

16 SAFRAN

Revenue	€ 29.377 m
EBITDA	€ 5.837 m
EBIT	€ 4.532 m

12 QINETIQ

Revenue	€ 2.160 m
EBITDA	€ 271 m
EBIT	€ 173 m

17 THALES

Revenue	€ 21.349 m
EBITDA	€ 2.721 m
EBIT	€ 1.929 m

13 RENK

Revenue	€ 1.290 m
EBITDA	€ 227 m
EBIT	€ 152 m

18 TKMS

Revenue	€ 2.171 m
EBITDA	€ 164 m
EBIT	€ 96 m

14 RHEINMETALL

Revenue	€ 10.998 m
EBITDA	€ 1.918 m
EBIT	€ 1.520 m

15 SAAB

Revenue	€ 7.313 m
EBITDA	€ 934 m
EBIT	€ 698 m

Note: Major: Market Cap > 10bn USD; SME: Small and Mid Cap; On an LTM Basis as reported by the companies at the time of this report
Sources: S&P Market Intelligence, PwC Research

Aerospace Peer Universe: The Civil Aero Sub-Sector is Largely Consolidated Between Majors, while Space is Maturing, with Low Number of Specialized Companies

1 **AIRBUS**

Revenue	€ 72.152 m
EBITDA	€ 7.759 m
EBIT	€ 5.641 m

2 **Melrose**

Revenue	€ 4.020 m
EBITDA	€ 961 m
EBIT	€ 577 m

3 **MTU Aero Engines**

Revenue	€ 8.454 m
EBITDA	€ 1.370 m
EBIT	€ 1.077 m

4 **Rolls-Royce Holdings**

Revenue	€ 22.793 m
EBITDA	€ 4.066 m
EBIT	€ 3.723 m

5 **senior**

Revenue	€ 1.151 m
EBITDA	€ 94 m
EBIT	€ 50 m



6 **eutelsat group**

Revenue	€ 1.244 m
EBITDA	€ 597 m
EBIT	€ (139)m

7 **OHB**

Revenue	€ 1.151 m
EBITDA	€ 118 m
EBIT	€ 99 m

8 **SES**

Revenue	€ 2.273 m
EBITDA	€ 1.061 m
EBIT	€ 199 m

Space rapidly scaling
Space was originally a playground for large corporates. Now, small emerging players are starting to penetrate the economy. Due to the militarisation of space, the space sector has benefitted from the defence hype.

Note: Major: Market Cap > 10bn USD; SME: Small and Mid Cap; On an LTM Basis as reported by the companies at the time of this report
Sources: S&P Market Intelligence, PwC Research

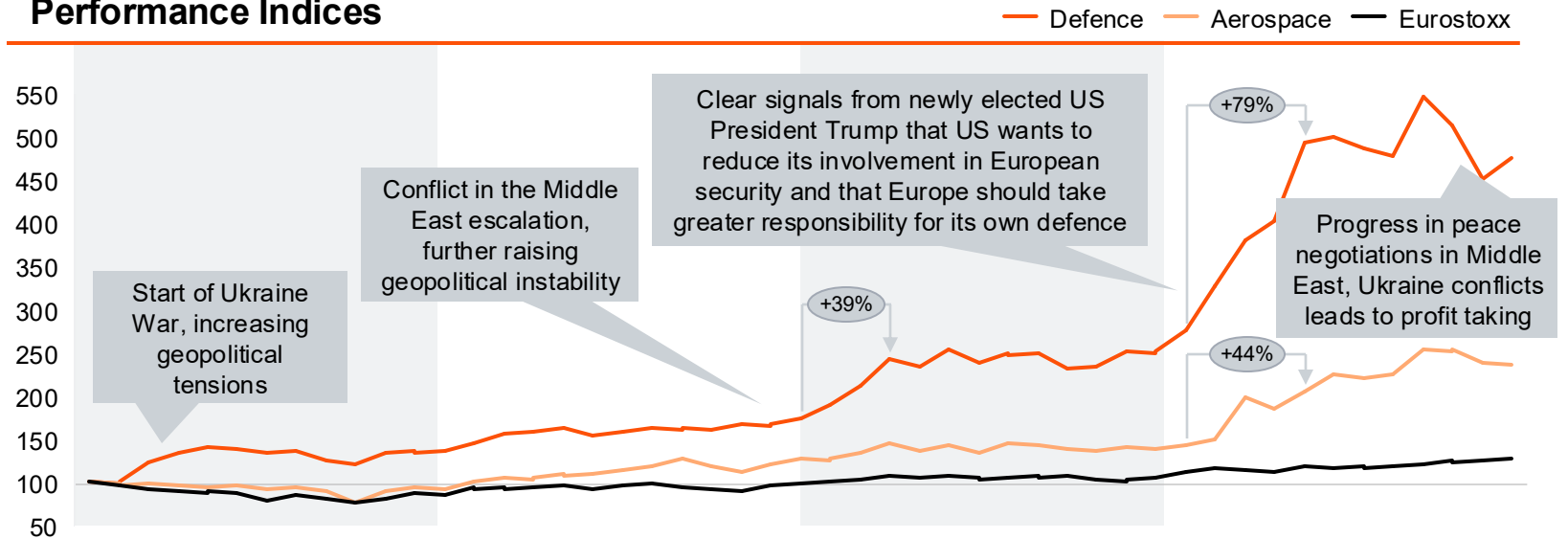
Defence & Aerospace Exhibit Structural Outperformance as Europe Has Entered a Multi-Year Security-Backed Re-Pricing Cycle

Is this a new structural change or are valuations subject to correction?

- **Structural driver, not a spike.** Geopolitics, renewed national-interest priorities, NATO burden-shifting and rising EU defence budgets point to a structural return driver rather than an episodic spike.
- **Conversion will be decisive.** Sector resilience will depend on policy-to-cash conversion, where procurement pace, execution discipline and delivery capacities transform backlog into sustainable cash flows.
- **Read Civil Aero and Space distinctly** as Aerospace has outperformed EuroStoxx despite persistent supply-chain bottlenecks, while Space is growing beyond incumbents as emerging players ride defence-linked budgets yet remain scale- and capital-dependent in Europe.

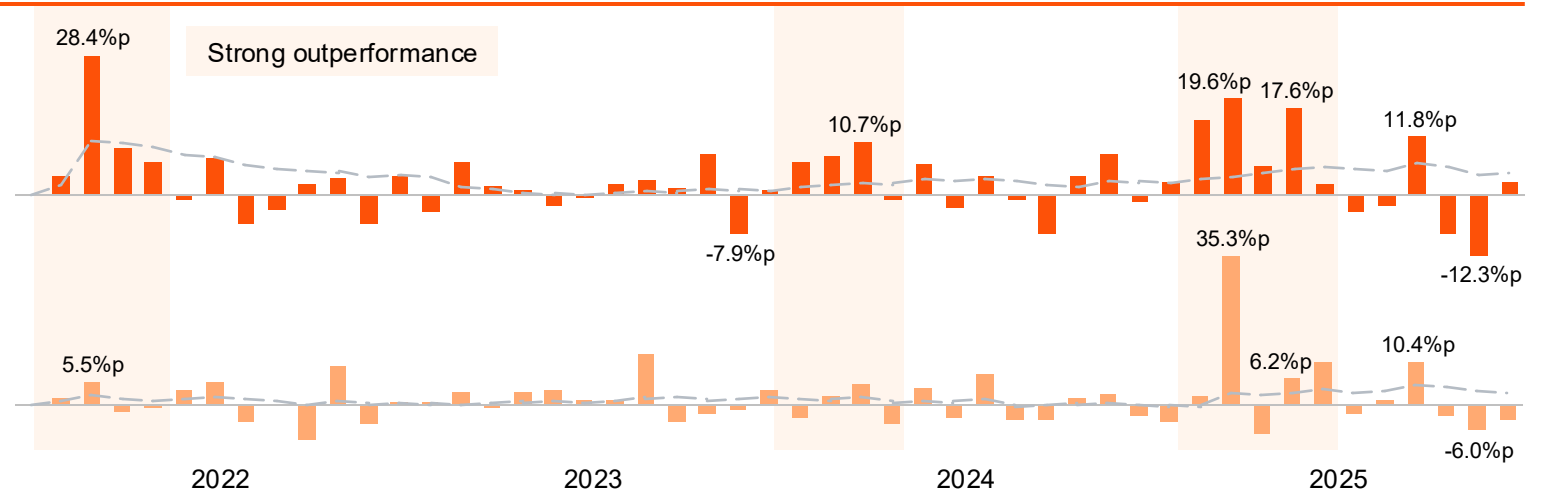
Sources: S&P Market Intelligence, Peer Group Insights, PwC Research

Performance Indices



The PwC Aerospace & Defence Performance Indices are equally-weighted total return indices comprising listed European companies (refer to the peer universe). They are indexed at 100 as of 31 December 2021 and based on monthly closing prices, taking into account reinvested dividends, and serve to reflect capital market-based price and risk signals. The indices reflect the behaviour of the equity markets and are not to be equated with transaction or expert valuations.

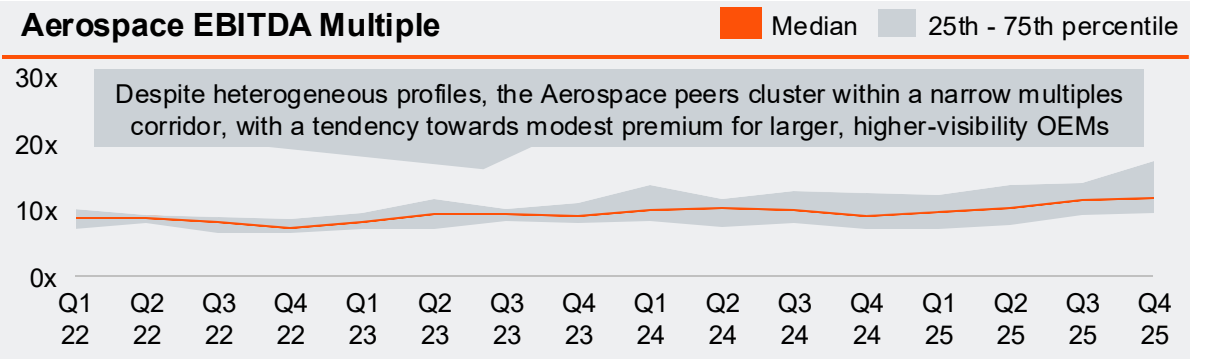
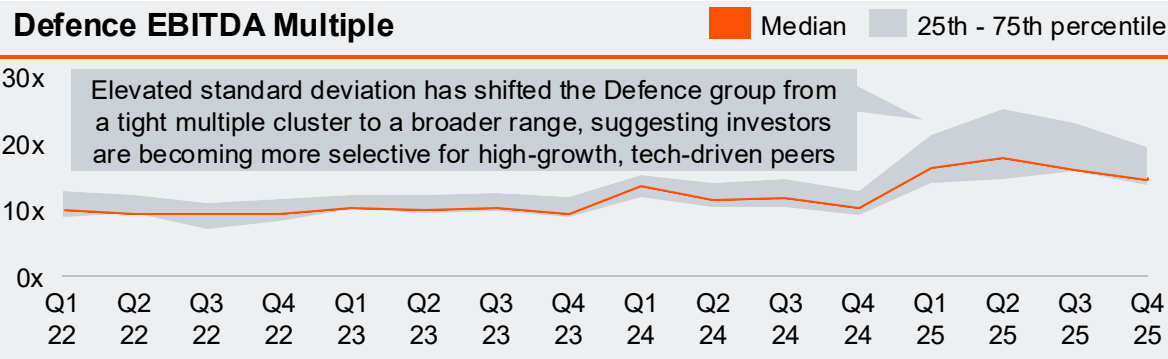
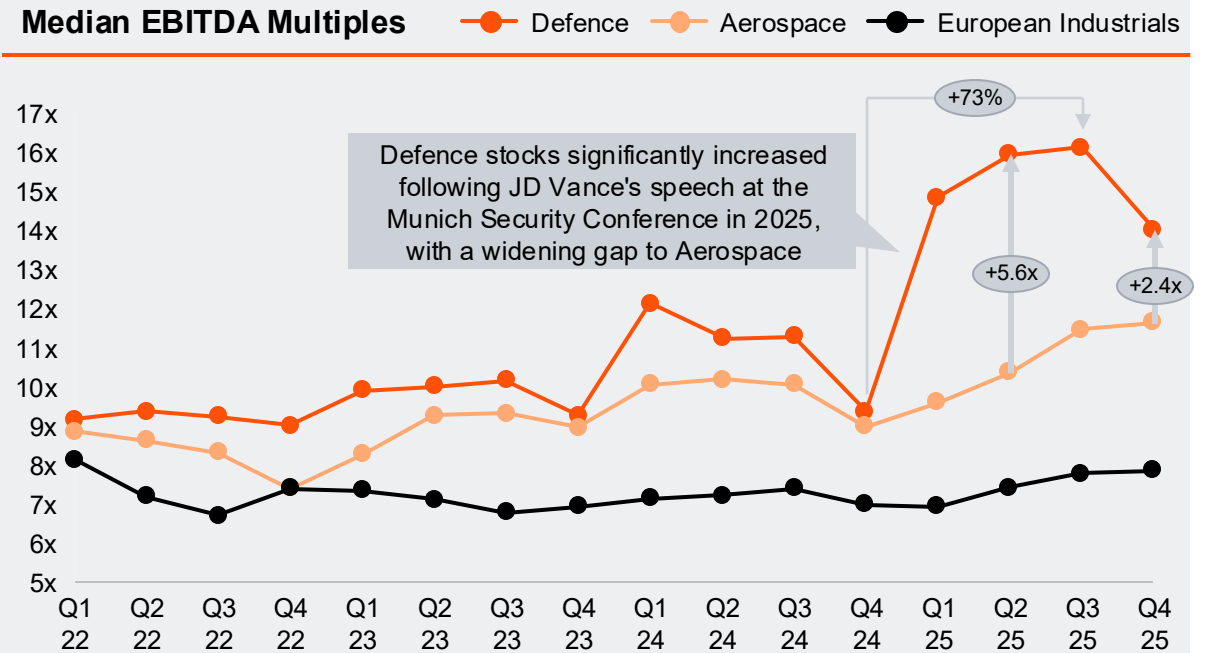
Monthly Return Performance in Percentage Points against Eurostoxx — 12 month rolling average



The graph illustrates the monthly excess returns of the indices mentioned above, compared to the Eurostoxx, measured in percentage points. Periods of particularly pronounced outperformance are highlighted with shading for clearer visualisation. Solid line represents rolling average of the past 12 months.

Defence Trades at Higher Multiples on Budget Growth Security, Whereas Aerospace Still Faces Order-Book Cyclical Risk and Space Potential is Yet to Be Understood by the Market

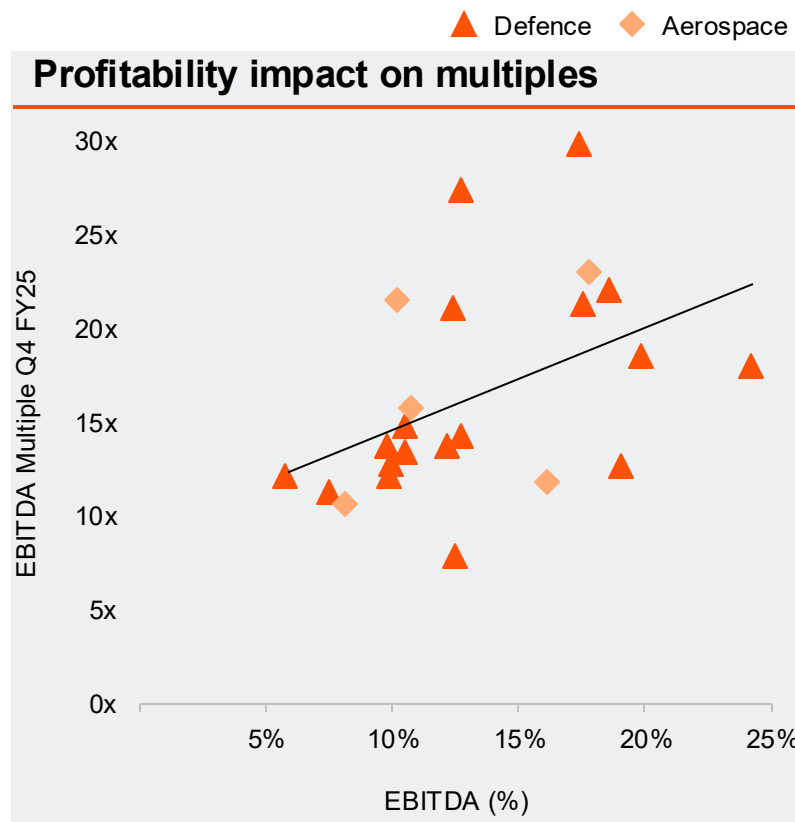
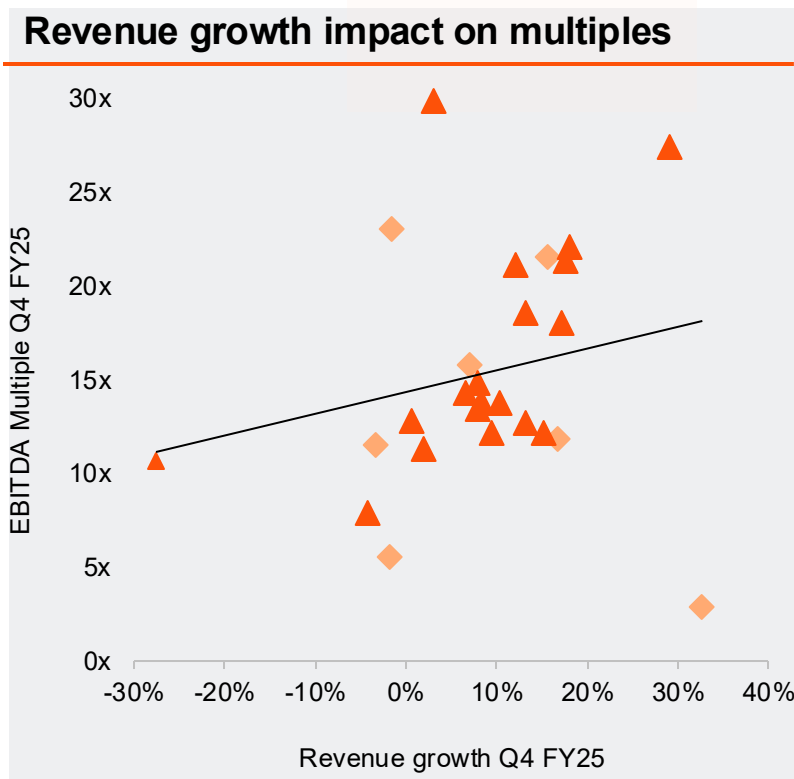
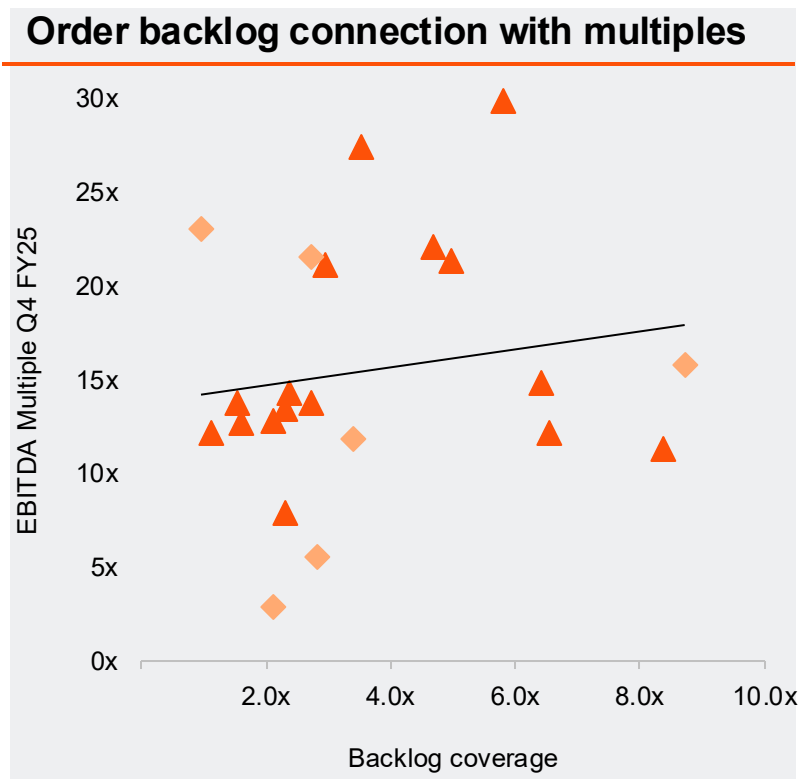
- **Structural earnings runway.** Rising defence budgets grounded in strategic policy has created almost a decade-long earnings runway rather than episodic bursts.
- **Risk allocation differentiates valuation.** Risk transfer matters: in defence, governments tend to shoulder much of the price and schedule risk, while aerospace OEMs and suppliers retain materially more commercial and execution risk.
- **Strategic-asset status supports premia.** Europe's strategic-autonomy push elevates defence primes and key subsystem specialists to "strategic assets," sustaining investor interest at premium multiples.
- **What comes with a SpaceX IPO?** A high-profile SpaceX listing could act as both a sector-wide pricing catalyst by drawing incremental institutional capital into space equities and carries significant competition risk.



Sources: S&P Market Intelligence, Peer Group Insights, PwC Research

The calculation of EV/EBITDA multiples is based on consensus analyst estimates of EBITDA in EUR, specifically the forecast for the current fiscal year. The Enterprise Value (EV) is computed by adding market capitalisation at the end of each period to long-term debt, including leases, and subtracting cash and short-term investments, while also incorporating minority interests. Details of the peer universe can be found in the appendix. The "European Industrials" multiples are illustrated as a benchmark, encompassing all European publicly listed peers classified under "Industrials."

Multiples Analysis: Do A&D Multiples Reflect Fundamentals? Evidence is Mixed and Hinges on Coverage, Duration and Conversion



Execution over order books. Backlog security is no longer a critical question nor a sole value driver for the investors, while the geopolitics back up robust development for the upcoming years.

Growth is necessary. Comps translating backlog into sustained growth command premium valuations, while peers constrained by capacity or execution risk remain discounted despite similar demand visibility.

Delivery discipline wins. Profitability comes into focus. Considering that profitability in the sector has historically been challenging, this is likely to become the key differentiator.

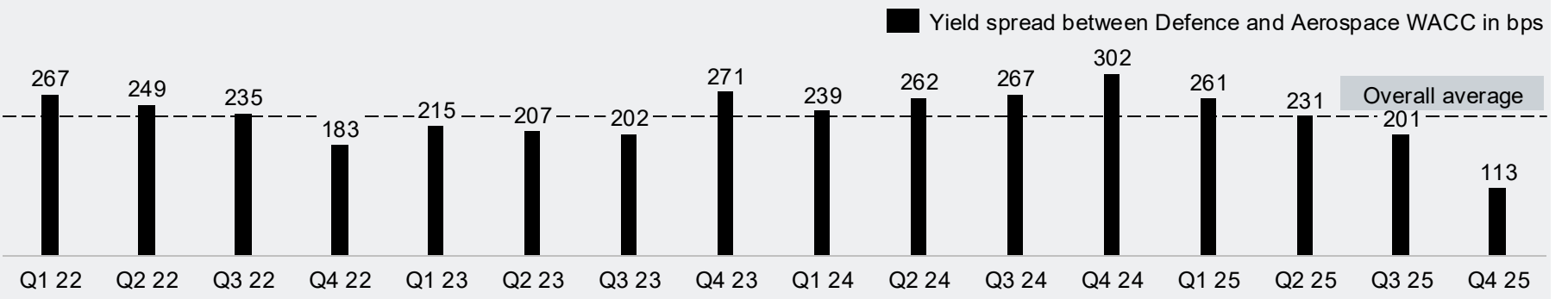
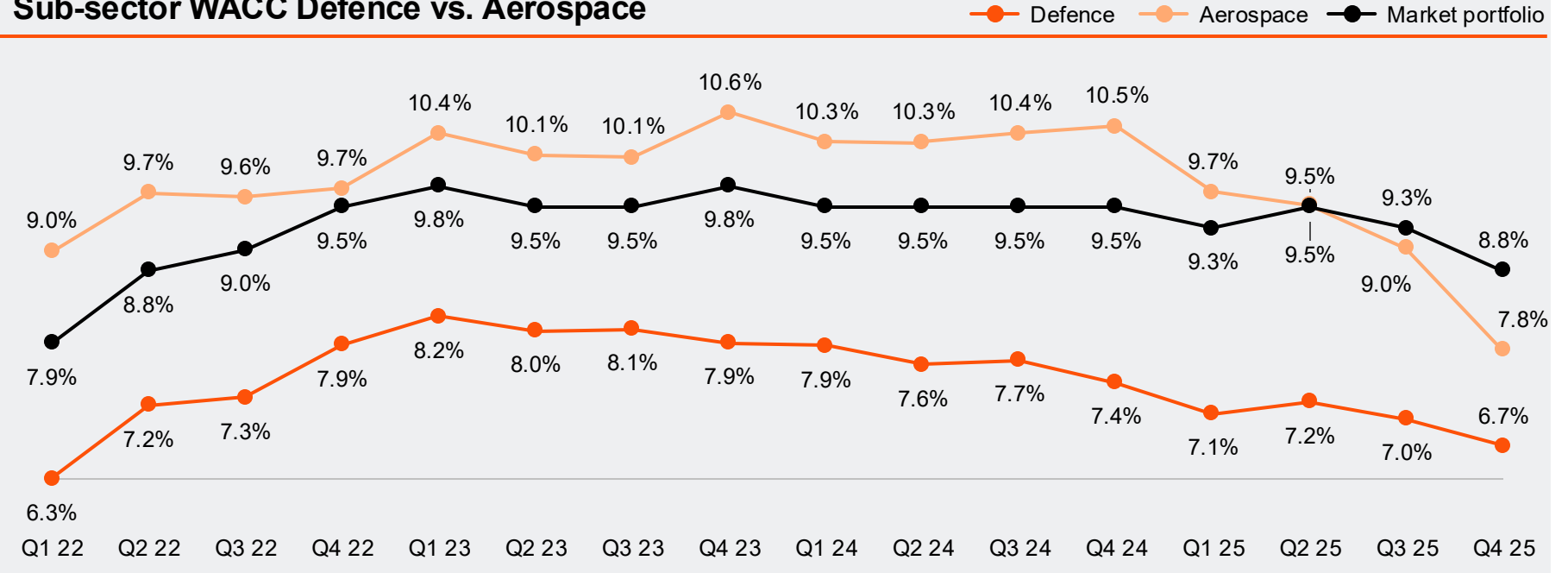
Note: The calculation of EV/EBITDA multiples is based on consensus analyst estimates of EBITDA in EUR, specifically the forecast for the current fiscal year. The Enterprise Value (EV) is computed by adding market capitalisation at the end of each period to long-term debt, including leases, and subtracting cash and short-term investments, while also incorporating minority interests. Details of the peer universe can be found in the appendix. Backlog coverage based on LTM-revenue as per 31.12.2025, FX conversion via spot-rate as of 02/10/2025. Revenue growth rates for Q4 2025 are calculated based on the actual revenues for fiscal year 2024 and the estimated revenues for fiscal year 2025 as of 12/31/2025.

Sources: S&P Market Intelligence, Annual financial statements of peer companies, PwC Research

Defence Enjoys a Structurally Lower Cost of Capital; Aerospace Bears Execution Risk and a Higher Hurdle Rate

- Sovereign demand drives lower risk premium.** Defence consistently perceived below the market benchmark risk level because multi-year sovereign demand, contractual visibility and availability-style mechanics compress the risk premium.
- Execution & supply-chain risk elevate discount rates.** Aerospace carries a higher discount rate as investors embed supply-chain normalisation, certification timelines and capex ramp risk into the cost of capital.
- Execution track record will determine WACC persistence.** Post-covid recovery in Aerospace WACC is not conviction on its own and requires confirmation through sustained awards-to-cash conversion, on-time delivery cadence and stable margin hold.

Sub-sector WACC Defence vs. Aerospace



Sources: S&P Market Intelligence, Peer Group Insights, PwC Research

The Weighted Average Cost of Capital (WACC) is calculated for selected peer groups and a balanced market portfolio. The risk-free rate is based on long-term Eurozone government bonds. Average beta, derived from five years of regressing monthly returns against the MSCI World, requires 50 months of data, excluding insignificant betas at a 95% confidence level. If beta is insignificant, we extrapolate its value to maintain analytical integrity, as stock movements are increasingly independent of the market, preventing a drastic reduction in the number of peers. A special effect in Q1 2025 led us to interpolate the beta for that period. The average peer capital structure is calculated at the net debt level, including long-term debt and leases, minus cash, and uses the average effective tax rate. The credit spread is based on corporate bonds with an average BBB rating. The market portfolio's WACC uses a beta of 1.0.

Aerospace & Defence Deal Activity: The European Deals Have Mostly Been Represented by Large Transformative Transactions and IPOs. Will SME Follow the US Example?

Defence ✈ Civil Aero 🌐 Space 🚀 Start-up

The collage features several news snippets with icons indicating their categories: a shield for Defence, an airplane for Civil Aero, a globe for Space, and a rocket for Start-up.

- Handelsblatt:** "Leonardo, Thales und Airbus erzielen offenbar Grundsatz-Einigung über Satellitenfirma" (Project Broom).
- Handelsblatt:** "Rheinmetall baut bald auch Weltraumsatelliten" (Rheinmetall expands its portfolio beyond main battle tanks, armor, and drones).
- THE WALL STREET JOURNAL:** "Space Company Firefly's Stock Zooms in Wall Street Debut" (Shares of the space company rose well above IPO price in first day of trading).
- THE WALL STREET JOURNAL:** "Defense Company Czechoslovak Group Aims to Raise \$873 Million in Amsterdam IPO" (The company said it has commitments to invest from Artisan Partners, BlackRock funds and a Qatar Investment Authority subsidiary).
- Handelsblatt:** "Airbus übernimmt Teile von Spirit Aerosystems" (Der europäische Flugzeughersteller wird einige Werke des Zulieferers weiter betreiben. Die Übernahme kostet nichts – im Gegenteil soll Airbus dafür sogar Geld erhalten).
- Handelsblatt:** "Rheinmetall übernimmt Militärsparte der Bremer Lürssen-Gruppe" (Der Düsseldorf-Rüstungsriese und der Bremer Schiffbauer haben sich 100% die Belegschaft eines Erwerbs der Naval Vessels Lürssen gesorgt. Die Übernahme soll Anfang 2025 erfolgen).
- Handelsblatt:** "Quantum Systems könnte Firmenbewertung bald verdreifachen" (Quantum Systems hat sich im Mai 2024 Millionen Euro bei Investoren eingesammelt – und könnte bald weitere Kapital erhalten. Die Geschäft des Drohnen Start-up fortsetzt).
- Handelsblatt:** "Thyssen-Krupp-Marine-Tochter TKMS kommt nächste Woche an die Börse" (Die Sparte des Stahlkonzerns geht an die Börse, Thyssen-Krupp behält aber die Kontrolle, TKMS lockt Anleger bereits mit lockigen Dividendenzinplanen).
- Bloomberg:** "York Space Systems Raises \$629 Million in Upsized US IPO" (A subsidiary of the York Space Systems BAFD mission. Source: Business Wire).
- THE WALL STREET JOURNAL:** "Defense and Space Company Voyager Technologies Files to Go Public" (The sector is expected to benefit under the Trump administration).
- Reuters:** "Spain's defence company Indra buys satellite operator Hispasat" (February 3, 2025 8:11 AM GMT+1 - Updated February 3, 2025).

VC-backed startups – A rising source of future competition?

Market landscape

High consolidation within the A&D sector limits large-scale deal activity. Future M&A will focus on emerging technologies, defence modernisation, and high-growth areas like Space and green aviation.

Key deal drivers

Deal activity is shaped by portfolio reshaping among major players, SME consolidation, rising defence budgets amid geopolitical tensions, and a shift toward partnerships and JVs. The Space sub-sector continues to see strong momentum.

Strategic rationale for Europe Space

European players lag behind US peers in scale, with industry fragmentation weakening EU sovereign capabilities. As the market shifts from GEO to LEO, consolidation is critical to build scale and compete globally.

Sources: Publicly available business and financial press, PwC research

Value Creation Depends on Execution and Robust Capabilities, as Corporates Must Prove Operational Discipline and Investors Direct Capital to Companies which Translate Backlog into Reliable Delivery



Implications for Corporates



Delivering predictably as valuation lever – execution is strategy

OEMs must prove they can convert record demand into cash. Capital markets track slippage, milestones, and certification. Reduced delivery volatility drives multiple expansion.



Defence primes to consolidate capabilities – not scale for scale's sake

Market rewards IP-dense nodes over pure scale. Scale-driven models re-rate only with differentiated tech. M&A should target capability gaps, not incremental revenue.



Aerospace to accelerate industrial transformation, unlock trapped value

Reliability and certification challenges require disciplined supply chains, digital control, and inventory normalisation. Supply-chain maturity is the gate to backlog conversion.



Space players to shift from 'engineering-first' to 'business model-first'

Growth depends on scalable use-cases, recurring revenue, and sovereign access. European players must show a credible monetisation path, not just technical capability.



Implications for Investors

Defence offers structural duration – but selectivity is essential

Favour businesses with multi-year sovereign programs, visible budget pipelines, backlog >2.5x revenues, and net working capital discipline.



Aerospace valuations need execution proof – watch cash, not orders

Key metrics: FCF conversion ratio, certification throughput, tier-2/3 supplier health, and real delivery cadence vs. guidance.



Space deserves growing allocation – requires a barbell approach

Focus on upstream assets with sovereign relevance (high optionality) and downstream data-/analytics-based scale models (high visibility). Avoid capital-intensive "in-between" models lacking defensibility.



Multiples dispersion enables relative-value strategies

Exploit wide valuation spreads by identifying mispriced assets where execution maturity is improving but not yet priced in.



Technology transfer to civilian applications presents an upside

Defence R&D historically paved the way to groundbreaking civilian technologies (e.g. GPS, cyber security), offering opportunities to investors.



Appendix

Appendix: Defence EV/EBITDA Multiples

Actual	EV/EBITDA															
Multiple as of	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Defence Majors																
BAE Systems plc	9.1 x	9.4 x	9.7 x	9.5 x	10.6 x	10.0 x	10.3 x	10.6 x	11.7 x	11.4 x	11.9 x	10.3 x	12.6 x	14.6 x	15.8 x	13.8 x
Dassault Aviation société anonyme	11.6 x	12.0 x	5.7 x	11.2 x	9.9 x	9.8 x	10.3 x	8.9 x	13.5 x	9.2 x	9.4 x	7.4 x	18.6 x	17.8 x	15.5 x	14.8 x
Kongsberg Gruppen ASA	13.5 x	12.9 x	14.1 x	15.0 x	14.1 x	15.6 x	14.3 x	13.2 x	18.6 x	20.8 x	23.7 x	24.0 x	26.7 x	32.3 x	27.5 x	22.0 x
Leonardo S.p.a.	5.1 x	6.0 x	5.4 x	5.0 x	5.4 x	5.6 x	6.6 x	6.5 x	8.3 x	8.2 x	7.8 x	8.6 x	12.6 x	12.8 x	14.6 x	13.5 x
Rheinmetall AG	8.5 x	9.3 x	8.0 x	7.6 x	9.8 x	9.0 x	9.2 x	8.8 x	13.7 x	12.5 x	12.3 x	11.6 x	23.8 x	32.6 x	37.0 x	29.9 x
Safran SA	13.6 x	12.3 x	11.8 x	11.6 x	13.3 x	13.9 x	14.2 x	12.8 x	16.3 x	15.1 x	16.8 x	14.0 x	16.1 x	17.9 x	18.6 x	18.6 x
Thales S.A.	10.0 x	9.3 x	9.2 x	8.9 x	10.3 x	10.1 x	10.1 x	9.2 x	11.8 x	11.1 x	11.3 x	9.6 x	15.0 x	14.5 x	16.1 x	14.2 x
TKMS AG & Co KGaA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.3 x
Defence SME																
Avon Technologies Plc	11.0 x	16.7 x	18.9 x	12.8 x	11.4 x	13.6 x	7.8 x	10.2 x	12.4 x	13.7 x	11.4 x	14.1 x	14.8 x	19.5 x	15.1 x	12.1 x
Babcock International Group PLC	6.5 x	6.3 x	5.6 x	5.7 x	5.6 x	4.3 x	6.0 x	5.7 x	6.6 x	6.8 x	6.4 x	6.8 x	8.3 x	11.8 x	13.3 x	12.8 x
Chemring Group PLC	11.3 x	10.7 x	9.6 x	9.5 x	9.0 x	9.3 x	9.2 x	10.5 x	10.6 x	11.6 x	11.6 x	9.3 x	10.6 x	15.9 x	16.4 x	12.6 x
Exosens	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.0 x	8.5 x	13.0 x	15.5 x	16.5 x	18.0 x
Fincantieri S.p.A.	6.4 x	7.3 x	14.9 x	10.1 x	9.9 x	10.8 x	11.0 x	9.4 x	7.9 x	7.6 x	9.2 x	8.2 x	7.8 x	11.0 x	14.3 x	12.2 x
Hensoldt AG	11.4 x	9.9 x	9.5 x	8.7 x	11.8 x	11.0 x	10.8 x	9.1 x	13.7 x	10.4 x	10.7 x	10.6 x	16.8 x	25.0 x	28.0 x	21.1 x
Indra Sistemas, S.A.	5.4 x	4.5 x	4.3 x	5.1 x	5.4 x	4.9 x	5.8 x	5.8 x	7.0 x	6.7 x	5.8 x	5.3 x	7.9 x	9.8 x	11.1 x	13.7 x
QinetiQ Group plc	7.9 x	8.4 x	7.9 x	8.3 x	6.1 x	8.1 x	7.4 x	7.1 x	7.7 x	8.6 x	8.6 x	8.1 x	7.4 x	9.0 x	9.3 x	7.9 x
RENK Group AG	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19.5 x	13.7 x	11.9 x	8.8 x	17.2 x	25.6 x	31.0 x	21.3 x
Saab AB (publ)	9.1 x	9.3 x	8.5 x	9.0 x	13.0 x	11.4 x	11.0 x	10.5 x	15.4 x	16.5 x	14.1 x	12.8 x	21.0 x	27.5 x	29.9 x	27.4 x
25% percentile	7.2 x	7.8 x	6.8 x	7.9 x	7.5 x	8.6 x	7.6 x	7.9 x	8.2 x	8.5 x	9.2 x	8.2 x	10.6 x	12.8 x	14.6 x	12.7 x
Average	9.4 x	9.6 x	9.5 x	9.2 x	9.7 x	9.8 x	9.6 x	9.2 x	12.2 x	11.5 x	11.4 x	10.5 x	14.7 x	18.4 x	19.4 x	16.5 x
Median	9.1 x	9.3 x	9.2 x	9.0 x	9.9 x	10.0 x	10.1 x	9.2 x	12.1 x	11.2 x	11.3 x	9.3 x	14.8 x	15.9 x	16.1 x	14.0 x
75% percentile	11.3 x	11.4 x	10.7 x	10.6 x	11.6 x	11.2 x	10.9 x	10.5 x	14.1 x	13.7 x	11.9 x	11.6 x	17.2 x	25.0 x	27.5 x	20.5 x

Sources: Annual and quarterly reports, S&P Market Intelligence

Appendix: Aerospace EV/EBITDA Multiples

Actual	EV/EBITDA															
Multiple as of	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Civil Aero Primary																
Airbus SE	10.0 x	8.7 x	8.6 x	8.9 x	10.4 x	11.5 x	11.1 x	10.7 x	13.6 x	11.7 x	13.0 x	12.3 x	12.7 x	13.9 x	15.6 x	15.8 x
Melrose Industries PLC	7.0 x	8.5 x	6.8 x	6.8 x	7.9 x	17.8 x	14.2 x	12.4 x	13.7 x	11.5 x	10.4 x	9.8 x	9.4 x	10.3 x	11.4 x	11.5 x
MTU Aero Engines AG	14.1 x	11.3 x	9.9 x	10.7 x	12.0 x	11.9 x	8.7 x	9.2 x	10.6 x	11.2 x	12.7 x	12.2 x	11.8 x	13.1 x	12.3 x	11.8 x
Rolls-Royce Holdings plc Senior plc	9.5 x	9.2 x	8.9 x	8.3 x	9.0 x	9.1 x	9.6 x	11.0 x	13.4 x	13.9 x	14.6 x	14.1 x	17.3 x	21.3 x	23.8 x	23.0 x
	10.3 x	9.2 x	8.5 x	7.3 x	8.6 x	9.4 x	8.9 x	8.2 x	8.3 x	7.7 x	8.2 x	7.7 x	7.1 x	8.2 x	11.1 x	10.7 x
Space Primary																
Eutelsat Communications S.A.	6.3 x	6.7 x	5.5 x	5.4 x	5.7 x	5.6 x	6.4 x	6.8 x	7.0 x	5.9 x	6.6 x	5.3 x	6.7 x	6.7 x	6.8 x	5.6 x
OHB SE	8.2 x	8.1 x	8.0 x	7.5 x	7.2 x	7.4 x	9.7 x	8.6 x	9.4 x	9.1 x	9.6 x	8.2 x	9.8 x	N/A	N/A	21.6 x
SES S.A.	5.8 x	5.9 x	4.5 x	2.2 x	5.6 x	5.5 x	5.9 x	6.2 x	4.1 x	3.5 x	3.5 x	2.8 x	3.4 x	3.6 x	2.8 x	2.8 x
25% percentile	6.8 x	7.8 x	6.5 x	6.4 x	6.8 x	7.0 x	8.2 x	7.8 x	8.0 x	7.3 x	7.8 x	7.1 x	7.0 x	7.4 x	8.9 x	9.4 x
Average	8.9 x	8.5 x	7.6 x	7.1 x	8.3 x	9.8 x	9.3 x	9.1 x	10.0 x	9.3 x	9.8 x	9.0 x	9.8 x	11.0 x	12.0 x	12.8 x
Median	8.8 x	8.6 x	8.3 x	7.4 x	8.2 x	9.2 x	9.3 x	8.9 x	10.0 x	10.2 x	10.0 x	9.0 x	9.6 x	10.3 x	11.4 x	11.6 x
75% percentile	10.1 x	9.2 x	8.6 x	8.4 x	9.3 x	11.6 x	10.1 x	10.8 x	13.4 x	11.5 x	12.8 x	12.2 x	12.0 x	13.5 x	14.0 x	17.2 x

Sources: Annual and quarterly reports, S&P Market Intelligence

The calculation of EV/EBITDA multiples is based on consensus analyst estimates of EBITDA in EUR, specifically the forecast for the current fiscal year. The Enterprise Value (EV) is computed by adding market capitalisation at the end of each period to long-term debt, including leases, and subtracting cash and short-term investments, while also incorporating minority interests.

Appendix:

Defence EV/EBIT Multiples

Actual	EV/EBIT															
Multiple as of	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Defence Majors																
BAE Systems plc	11.5 x	11.9 x	12.3 x	12.0 x	13.1 x	12.4 x	12.9 x	13.1 x	14.3 x	14.0 x	15.0 x	12.9 x	16.2 x	19.0 x	20.3 x	17.7 x
Dassault Aviation société anonyme	16.1 x	17.0 x	8.0 x	16.5 x	13.5 x	13.4 x	14.9 x	12.1 x	17.2 x	12.4 x	13.0 x	9.8 x	24.0 x	22.9 x	20.7 x	19.9 x
Kongsberg Gruppen ASA	18.7 x	17.9 x	20.0 x	20.3 x	18.4 x	20.4 x	18.8 x	16.9 x	24.0 x	26.6 x	29.5 x	29.1 x	32.7 x	39.1 x	33.5 x	27.3 x
Leonardo S.p.a.	7.2 x	8.6 x	7.6 x	7.0 x	7.7 x	8.2 x	9.7 x	9.4 x	11.6 x	11.8 x	11.6 x	12.0 x	16.9 x	18.1 x	20.2 x	18.8 x
Rheinmetall AG	11.9 x	12.8 x	11.0 x	10.1 x	12.7 x	11.9 x	11.9 x	11.1 x	17.1 x	15.8 x	15.6 x	14.3 x	29.4 x	40.6 x	46.7 x	39.6 x
Safran SA	19.5 x	18.0 x	17.3 x	16.3 x	19.0 x	19.6 x	19.8 x	16.9 x	21.3 x	19.9 x	21.6 x	17.9 x	20.6 x	22.9 x	23.6 x	23.7 x
Thales S.A.	14.2 x	13.3 x	13.0 x	12.2 x	13.5 x	13.5 x	13.4 x	12.0 x	15.5 x	14.7 x	14.5 x	12.4 x	19.8 x	20.0 x	21.0 x	18.8 x
TKMS AG & Co KGaA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18.4 x
Defence SME																
Avon Technologies Plc	17.1 x	33.7 x	50.3 x	24.0 x	21.5 x	26.1 x	12.9 x	15.1 x	19.9 x	21.3 x	17.9 x	18.1 x	16.0 x	22.1 x	18.4 x	15.3 x
Babcock International Group PLC	11.4 x	10.8 x	9.0 x	9.5 x	9.0 x	6.9 x	9.2 x	8.5 x	9.6 x	9.8 x	8.7 x	8.7 x	10.7 x	15.6 x	16.9 x	16.4 x
Chemring Group PLC	15.1 x	14.3 x	12.9 x	12.6 x	11.8 x	12.4 x	12.2 x	13.6 x	13.8 x	14.8 x	14.8 x	12.5 x	14.1 x	21.5 x	21.7 x	16.9 x
Exosens	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12.8 x	10.8 x	16.1 x	19.6 x	20.3 x	21.4 x
Fincantieri S.p.A.	10.5 x	11.9 x	36.5 x	18.9 x	25.1 x	29.4 x	30.0 x	20.1 x	15.2 x	14.7 x	18.9 x	14.2 x	13.8 x	19.6 x	26.0 x	22.8 x
Hensoldt AG	15.3 x	12.7 x	12.3 x	11.2 x	15.0 x	15.1 x	14.3 x	11.7 x	17.0 x	13.7 x	14.4 x	13.8 x	22.4 x	34.1 x	38.1 x	28.6 x
Indra Sistemas, S.A.	7.3 x	6.2 x	5.8 x	6.9 x	7.2 x	6.3 x	7.7 x	7.5 x	9.0 x	8.4 x	7.3 x	6.5 x	9.7 x	12.1 x	13.6 x	17.1 x
QinetiQ Group plc	10.5 x	11.1 x	10.4 x	11.0 x	8.1 x	10.6 x	9.6 x	9.7 x	10.3 x	11.4 x	11.5 x	10.7 x	9.6 x	12.5 x	13.0 x	11.0 x
RENK Group AG	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24.0 x	16.1 x	14.7 x	10.3 x	20.4 x	29.8 x	36.2 x	24.8 x
Saab AB (publ)	14.2 x	14.8 x	13.6 x	14.0 x	20.0 x	17.5 x	16.6 x	15.3 x	22.4 x	23.8 x	20.4 x	18.0 x	29.4 x	38.2 x	42.1 x	38.6 x
25% percentile	11.0 x	11.5 x	9.7 x	10.5 x	10.4 x	11.3 x	10.8 x	10.4 x	13.2 x	12.3 x	12.8 x	10.7 x	14.1 x	19.0 x	20.2 x	17.2 x
Average	13.4 x	14.3 x	16.0 x	13.5 x	14.4 x	14.9 x	14.3 x	12.9 x	16.4 x	15.6 x	15.4 x	13.6 x	18.9 x	24.0 x	25.4 x	22.1 x
Median	14.2 x	12.8 x	12.3 x	12.2 x	13.5 x	13.4 x	12.9 x	12.1 x	16.3 x	14.7 x	14.7 x	12.5 x	16.9 x	21.5 x	21.0 x	19.4 x
75% percentile	15.7 x	15.9 x	15.5 x	16.4 x	18.7 x	18.6 x	15.7 x	15.2 x	20.2 x	17.0 x	17.9 x	14.3 x	22.4 x	29.8 x	33.5 x	24.5 x

Sources: Annual and quarterly reports, S&P Market Intelligence

The calculation of EV/EBIT multiples is based on consensus analyst estimates of EBIT in EUR, specifically the forecast for the current fiscal year. The Enterprise Value (EV) is computed by adding market capitalisation at the end of each period to long-term debt, including leases, and subtracting cash and short-term investments, while also incorporating minority interests.

Appendix: Aerospace EV/EBIT Multiples

Actual	EV/EBIT															
Multiple as of	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Civil Aero Primary																
Airbus SE	14.3 x	12.4 x	12.2 x	12.2 x	14.8 x	16.5 x	16.0 x	14.8 x	18.6 x	16.9 x	19.1 x	16.8 x	17.7 x	19.4 x	22.0 x	22.1 x
Melrose Industries PLC	12.2 x	15.8 x	13.4 x	11.1 x	13.0 x	25.2 x	20.1 x	16.0 x	17.9 x	15.0 x	13.6 x	12.3 x	11.6 x	12.8 x	13.9 x	13.9 x
MTU Aero Engines AG	20.5 x	16.7 x	14.5 x	15.0 x	16.8 x	16.2 x	11.9 x	12.3 x	13.9 x	14.9 x	16.4 x	15.3 x	14.9 x	16.9 x	16.1 x	15.3 x
Rolls-Royce Holdings plc Senior plc	21.2 x	23.0 x	23.9 x	17.6 x	18.4 x	17.9 x	16.6 x	17.3 x	19.4 x	20.7 x	19.8 x	19.8 x	22.6 x	27.6 x	30.2 x	29.3 x
	28.9 x	26.2 x	24.0 x	16.6 x	18.8 x	20.6 x	18.4 x	16.1 x	15.5 x	14.6 x	15.8 x	14.2 x	14.1 x	16.1 x	17.2 x	17.3 x
Space Primary																
Eutelsat Communications S.A.	9.0 x	15.7 x	8.7 x	8.4 x	9.1 x	10.6 x	29.3 x	38.1 x	NM	65.7 x	NM	NM	NM	NM	NM	NM
OHB SE	12.2 x	13.1 x	13.0 x	10.8 x	9.5 x	11.6 x	15.3 x	12.4 x	13.6 x	12.9 x	13.7 x	11.4 x	13.7 x	N/A	N/A	23.7 x
SES S.A.	15.9 x	16.1 x	11.3 x	4.3 x	17.8 x	17.2 x	18.4 x	20.6 x	12.4 x	14.3 x	22.0 x	19.8 x	20.8 x	23.9 x	7.6 x	39.5 x
25% percentile	12.2 x	15.1 x	12.0 x	10.2 x	12.1 x	15.1 x	15.8 x	14.2 x	13.7 x	14.5 x	14.7 x	13.3 x	13.9 x	16.3 x	14.5 x	16.3 x
Average	16.8 x	17.4 x	15.1 x	12.0 x	14.8 x	17.0 x	18.3 x	18.4 x	15.9 x	21.9 x	17.2 x	15.7 x	16.5 x	19.5 x	17.8 x	23.0 x
Median	15.1 x	15.9 x	13.2 x	11.6 x	15.8 x	16.8 x	17.5 x	16.0 x	15.5 x	15.0 x	16.4 x	15.3 x	14.9 x	18.1 x	16.7 x	22.1 x
75% percentile	20.7 x	18.2 x	16.9 x	15.4 x	18.0 x	18.5 x	18.9 x	18.1 x	18.3 x	17.8 x	19.4 x	18.3 x	19.2 x	22.8 x	20.8 x	26.5 x

Sources: Annual and quarterly reports, S&P Market Intelligence

The calculation of EV/EBIT multiples is based on consensus analyst estimates of EBIT in EUR, specifically the forecast for the current fiscal year. The Enterprise Value (EV) is computed by adding market capitalisation at the end of each period to long-term debt, including leases, and subtracting cash and short-term investments, while also incorporating minority interests.

Appendix:

Methodological Basis for PwC Aerospace & Defence Industry Monitor

Peer selection	In selecting peers for our analysis, we focus on publicly listed companies with headquarters and major operational exposure in Europe. We have identified two distinct peer groups based on their primary business focus: "Defence" and "Aerospace." These groups represent companies whose core operations are aligned with these sectors, allowing for more targeted and relevant comparisons in our research. Aerospace sub-sector includes both Civil Aero and Space.
Performance Indices	The PwC Aerospace & Defence Performance Indices are equally-weighted total return indices comprising listed European companies (refer to the peer universe). They are indexed at 100 as of 31 December 2021 and based on monthly closing prices, taking into account reinvested dividends, and serve to reflect capital market-based price and risk signals. The indices reflect the behaviour of the equity markets and are not to be equated with transaction or expert valuations.
EV/EBITDA	The computation of EV/EBITDA multiples relies on consensus analyst estimates, providing a forecast of EBITDA in euros for the current fiscal year. To determine the Enterprise Value (EV), we aggregate the market capitalisation at each period's end with long-term debt, inclusive of leases, and then subtract cash and short-term investments. Additionally, minority interests are factored into this calculation, ensuring a comprehensive view of the company's value. To contextualize these multiples, we use "European Industrials" as a benchmark. This benchmark includes all publicly listed European peers classified under "Industrials" within the S&P Capital IQ database. This comparative framework allows for a nuanced analysis and understanding of the relative valuation of companies within the aerospace and defence sectors, aligning them against broader industrial trends.
Backlog coverage	Backlog coverage refers to the latest order backlog to revenue ratio. Revenues were derived in EUR per 31 December 2025 on an LTM basis. For any respective peer, order backlog was derived from the latest available financial statement. Reporting currencies other than EUR were converted via spot rate as per 10 February 2026.
WACC	<p>The Weighted Average Cost of Capital (WACC) is calculated for peer groups in the defence and aerospace sectors, as well as a balanced market portfolio, providing a critical measure of investment appeal. The risk-free rate is anchored to the yield of long-term government bonds in the Eurozone, derived using the Svensson method. For the market risk premium, we utilize PwC's "house view," which started at 7.5% in early 2022 and is anticipated to decrease to 5.5% due to an increased risk-free rate.</p> <p>The average beta, essential for assessing risk, is calculated from a regression of monthly returns against the MSCI World over a five-year span, requiring at least 50 months of data while excluding statistically insignificant betas at a 95% confidence level. If the beta becomes insignificant, we extrapolate its value to ensure the analysis remains meaningful. As stock movements become increasingly decoupled from the overall market, the number of peers would otherwise be reduced too drastically. Additionally, we observed a special effect in Q1 2025, prompting us to interpolate the beta factor for that period.</p> <p>We assess the peers' average capital structure by leveraging at the net debt level, which includes long-term debt and leases, minus cash, as the basis for weighting. The tax rate used is the average effective tax rate from the last fiscal year. These evaluations are conducted with consideration of the pre-mentioned criteria regarding the number of data points. Additionally, the credit spread is determined based on corporate bonds with a BBB average peer rating, reflecting corresponding market conditions. The WACC for the market portfolio assumes a beta factor of 1.0, serving as a benchmark for comparison across different investment opportunities.</p>

Get in Touch



WP StB Thorsten Schnieders, CFA

PwC | Consulting Solutions | Deals
Digital Assets & Products

E-Mail: thorsten.schnieders@pwc.com



Daniel Mayr

PwC | Consulting Solutions | Deals

E-Mail: daniel.mayr@pwc.com



Tobias Blaser

PwC | Consulting Solutions |
Deals Strategy & Operations

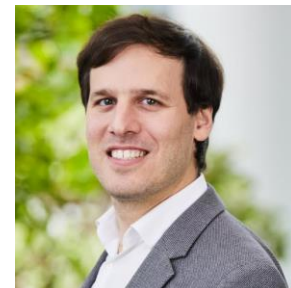
E-Mail: tobias.blaser@pwc.com



Nick Reiff

Strategy&

E-Mail: nick.reiff@pwc.com



Ilya Lokshin

PwC | Consulting Solutions | Deals

E-Mail: ilya.l.lokshin@pwc.com

...accelerate Digital Innovation and Data-Driven Decision-Making in Corporate Finance with Deals Digital Assets & Products

“Did you know you can access sector and capital market analysis in just a few clicks? “

“Our AI agent automatically finds peers and compiles actionable insights. Ready to give it a spin?”

--> All of this is possible with "Peer Group Insights". Learn more at the [PwC Store](#)

This Monitor
is **POWERED** by
Peer Group
Insights

Peer Group Insights



- AI powered peer identification
- Comprehensive global coverage i.e., 50,000 companies with latest data
- Intuitive user interface
- Easily downloadable Audit-ready reports

Disclaimer

This document is provided for information purposes only and does not constitute investment advice, an offer or a solicitation to buy or sell any financial instrument. The analyses and views expressed are based on publicly available information believed to be reliable, but PwC does not guarantee their completeness or accuracy. Past performance is not indicative of future results. Any decisions made based on this information are at the sole risk of the recipient.

© 2017 - 2026 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.