

Mergers and Acquisitions (M&A) in Aerospace and Defense - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Mergers and Acquisitions in Aerospace and Defense Market size is estimated at USD 196.70 billion in 2024, and is expected to reach USD 349.30 billion by 2029, growing at a CAGR of 12.17% during the forecast period (2024-2029).

The COVID-19 pandemic has resulted in a global supply chain disruption, which has had a multifold impact on the aerospace and defense industry. Historically, the defense industry was insulated from international shocks because states tended to rely on domestic producers for critical military equipment. The diversified supply chain, which enabled the defense sector companies to act as system integrators rather than industrial producers, has now resulted in increased transactional costs due to protectionism. Some major disruptions have also altered the production of several military equipment, while in some cases, the imposed trade sanctions have made it impossible for producers to maintain relationships with suppliers, especially with respect to high technology goods.

However, some of the defense contractors are better positioned since they will not feel the impact of COVID-19 in the short- to mid-term. While production may slow down for the same reasons as in aircraft manufacturing, demand over the next two years is unlikely to be affected since budgets for these projects had been allocated prior to the pandemic, and the projects are critical to national defense.

Mergers and acquisitions (M&A) in the aerospace and defense (A&D) sectors have emerged as a commercially viable business strategy as they help the participants enhance their technological know-how while dividing the risks associated with technological disruptions. An M&A facilitates the sustenance of both firms, and in most cases, helps the major players to foster comparatively faster growth than their competitors. M&A are not necessarily limited to the same sector and there are instances of such collaborations even in cross-sectors by firms to diversify and enhance their technological capabilities to effectively serve the

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specific requirements of a broader clientele. However, the acquisition of another firm comes with the associated drawbacks. A reckless decision and acquisition of a firm with huge debts can result in future losses for the acquiring company. Also, regulations associated with M&A can prove to be a challenge during such transactions, as these transactions have a severe effect on a country's economy, and most M&As involving dominant A&D firms require the approval of the country's legislature to be completed.

Aerospace Mergers and Acquisitions Market Trends

The Aerospace Segment is Anticipated to Grow with the Highest CAGR During the Forecast Period

The aerospace sector has witnessed remarkable growth in the last few years. The sector faced unmatched challenges due to the COVID-19 pandemic, but it has shown a strong recovery post the pandemic in 2021 and 2022. The major companies in the aerospace sector are focusing on business expansions through mergers and acquisitions, contracts, agreements, and partnerships.

For instance, in September 2022, Parker-Hannifin Corp., a motion and control technologies company, completed the acquisition of Meggitt PLC, an aerospace and defense components manufacturer, for approximately GBP 6.3 billion. With this acquisition, the Parker Aerospace Group aims to expand its portfolio with Meggitt's global defense and aerospace technologies. In November 2021, AerCap Holdings NV, a global leader in aircraft leasing, announced that it had completed the acquisition of the GE Capital Aviation Services business. The acquisition makes AerCap the global industry leader in all areas of aircraft leasing, including airplanes, engines, and helicopters. The combined company will serve about 300 lessors worldwide and will be the largest customer of Airbus and Boeing.

Moreover, in May 2022, TransDigm Group Incorporated completed the acquisition of DART Aerospace for approximately USD 360 million. DART Aerospace is a provider of highly engineered, unique helicopter mission equipment solutions that predominantly service civilian aircraft. Furthermore, the aviation sector has witnessed the biggest merger in the decade. Raytheon Technologies Corporation announced the completion of the all-stock merger of equals transaction between United Technologies Corporation and Raytheon Company in April 2020. United Technologies Corporation combined its aerospace business with US-based Raytheon Company to create a new company worth USD 121 billion named Raytheon Technologies Corporation.

Thus, the increasing focus of aerospace companies to acquire start-ups or business domains of other companies is expected to drive the growth of the market studied during the forecast period.

Europe Will Showcase Highest Growth During the Forecast Period

Europe is expected to show highest growth during the forecast period. Europe has a well-flourished aviation and defense sector due to the huge demand from end users and the presence of top aviation and defense companies in the region. Airbus SE, Saab AB, THALES, BAE Systems, Dassault Aviation SA, and Safran SA are some of the major players that have significant market shares in the aerospace and defense sector.

An increasing number of air travelers, the growing construction of new airports, and rising aircraft deliveries are driving the commercial aviation market across the region. Moreover, rising demand for business jets and general aviation aircraft and increasing procurement of helicopters for numerous applications drive the aviation sector. The key players in the aerospace sector focus on mergers and acquisitions to expand their business.

For instance, in January 2023, Airbus Helicopters completed the acquisition of German-based ZF Luftfahrttechnik. The company is the manufacturer of dynamic components for light and medium helicopters, including related services, with a global customer

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base. In addition, the company is the MRO components supplier for military helicopters. With this acquisition, Airbus Helicopters expanded its range of MRO capabilities and secured additional competencies in the area of dynamic systems. Also, in April 2022, Airbus Defense and Space announced the acquisition of DSI Datensicherheit GmbH (DSI DS), a German-based company that provides cryptography and communication systems for airborne, space, naval, and ground, certified by the Federal Office for Information Security (BSI). The company will operate under a new name: Aerospace Data Security GmbH. The acquisition would strengthen Airbus' cryptography capabilities and improve the development of end-to-end secured systems.

Moreover, a growing number of cross-border conflicts, political disputes, and tensions among neighboring countries created a warfare situation in Europe. The Russo-Ukrainian war and the growing expenditure from NATO countries to enhance defense capabilities aided the growth of the market studied across the region.

Thus, increasing expenditure on procurement by vendors and businesses from other companies to expand product portfolios is expected to improve the company's overall performance and customer base, driving the growth of the market studied during the forecast period.

Aerospace Mergers and Acquisitions Industry Overview

The A&D sector comprises several players, and the market is highly competitive. Some of the prominent players in the market comprise Parker Hannifin Corporation, The Boeing Company, Airbus SE, Raytheon Technologies Corporation and Safran amongst others.

In the present scenario, companies are adopting aggressive acquisition strategies to gain major contracts to increase their market presence and dominance. A diversified growth strategy protects a firm from country-specific economic slumps. This has triggered industry incumbents' acquisition of several competitor product portfolios to gain a competitive advantage in the market. Moreover, several other M&A transactions were expected to be completed by the end of FY2020, resulting in substantial consolidation of the market.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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