



# Mergers & Acquisitions help transform Aerospace & Defence



## Presentation to DAIR

Grant McDonald, Global Head of A&D

September 15, 2022

—  
[home.kpmg/aerospacedefense](https://home.kpmg/aerospacedefense)

Contact: [grantmcdonald@kpmg.bb](mailto:grantmcdonald@kpmg.bb)

# Overview of our report

## Events and trends shaping dealmaking in A&D

- Interviews with industry executives and subject matter experts

## Geopolitics and macro economic trends

- war in Ukraine, significant driver of security policy
- NATO/Western countries working more closely together
- governments have further increased transaction oversight to protect national security interests

## Civilian aerospace

- aircraft manufacturers/airlines adapting to an increase in travel demand, as health restrictions have eased

## Large scale deal activity has declined

- valuations remain high
- the number of available deals are relatively scarce
- higher interest rates



# Implications for SMEs

**L3Harris US** – “we’re seeing more tech companies with promising technological capabilities, especially among start ups”

## Shorter supply chains

- Nearshoring, greater focus on tier 2 and 3 suppliers

## Alternate forms of business combination/cooperation

- Outright acquisitions, smaller equity stakes, joint ventures/alliances, investment in offsets

## Smaller technology-focused transactions

- OEMs compete to fill the gaps in their strategic product and service offerings
- Focus on building technological capability to strengthen supply chains

## Other

- Financial investors will also continue to play a greater role
- Meeting environmental objectives becomes a higher priority

## Lessons for the Future

- Resilience - supply chain sustainability designed to adapt rapidly to geopolitical events
- Agility - speed and confidence based on a strong business intelligence and superior decision-making ability
- Flexibility - consider various forms of alliances with both small and large companies



# Publication Links [home.kpmg/aerospacedefense](https://home.kpmg/aerospacedefense)

## 2022 global report

<https://assets.kpmg/content/dam/kpmg/xx/pdf/2022/07/m-and-a-helps-transform-aerospace-and-defense.pdf>



## 2021 global report

<https://assets.kpmg/content/dam/kpmg/xx/pdf/2021/05/future-of-m-and-a-in-aerospace-and-defense.pdf>



## Canadian report

<https://assets.kpmg/content/dam/kpmg/ca/pdf/2022/08/aerospace-and-defence-m-a-en.pdf>



© 2022 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. All rights reserved



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

**Document Classification: KPMG Public**