

Institutional Research Group



Jim Corridore
Lead Research Analyst,
Industrials
jim.corridore@pitchbook.com

pbinstitutionalresearch@pitchbook.com

Published on March 20, 2026

Contents

Key takeaways	1
Defense electronics PE targets, exit pathways, and risks	2
Global market overview	5
A PE-driven taxonomy of defense electronics	6
Other defense electronics deal activity	16

INDUSTRY RESEARCH

The Most Investable Corner of Defense? Electronics

A PE-focused analysis of defense electronics technologies, markets, and deal activity

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

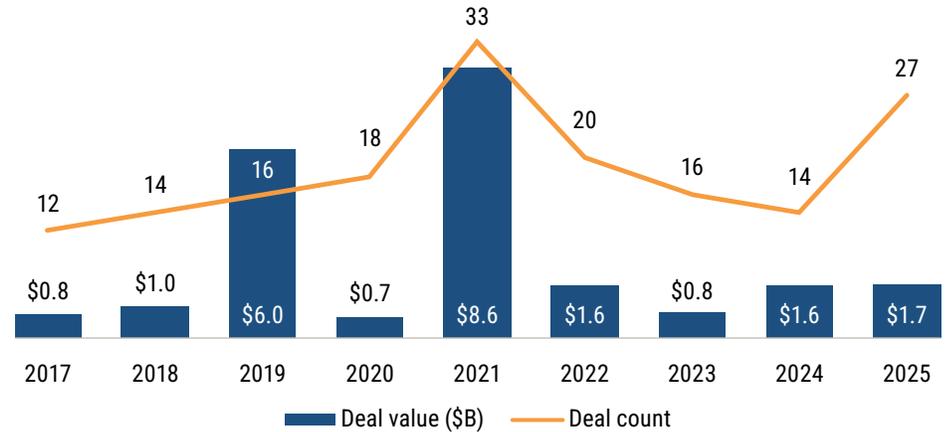
Key takeaways

- PitchBook believes that defense electronics represents one of the most attractive areas within aerospace & defense for PE investment, due to sustained government demand, rising share of defense budgets, and favorable operating characteristics.
- Electronics-intensive capabilities are capturing a heavy share of global defense procurement dollars. We see spending in this area expanding as militaries prioritize sensing, electronic warfare, resilient communications, and edge computing over force expansion.
- Recent actions in Iran, Ukraine, Gaza, and other areas have only made it clearer that electronics is one of the most in-demand parts of defense and is likely to continue to receive an outsized share of military dollars around the world.
- The most attractive PE opportunities are concentrated below the prime contractor level, particularly in enabling components, electronic warfare subsystems, mission computing hardware, and scalable sensing technologies.
- Exit pathways are primarily strategic, with prime contractors and Tier 1 suppliers seeking to consolidate electronics capability, secure supply chains, and increase content per platform.



Defense electronics PE targets, exit pathways, and risks

Defense electronics PE deal activity



Source: PitchBook • Geography: Global • As of March 10, 2026

There were 27 deals in defense electronics in 2025, up 93% from the prior year and the second-highest deal count in our dataset, which goes back to 2017. The most defense electronics deals were in 2021—33 deals at \$8.6 billion in value—which was a record year for PE in general. Deal value was \$1.7 billion in 2025, up modestly from \$1.6 billion in 2024. The increase in deal count alongside a lower average deal size reflects sponsor focus on scalable subplatform assets rather than large primes. Given the current state of geopolitics, including conflicts in Iran, Ukraine, Gaza, and other areas, it is clear that electronics has emerged as a crucial layer within defense, allowing militaries to fly drones, shoot down missiles, and perform many other operations, as discussed throughout this report.

Across segments, attractive defense electronics targets often share common financial characteristics. Revenue typically falls between \$50 million and \$500 million, with EBITDA margins in the high teens to low 20% range. Aftermarket and sustainment exposure frequently accounts for a meaningful portion of revenue. Capital-expenditure requirements are moderate relative to heavy manufacturing industries, and qualification barriers limit new entrants. Value creation strategies center on operational improvements, capacity expansion, bolt-on acquisitions, and deepening relationships with prime contractors.



Select defense electronics PE deals

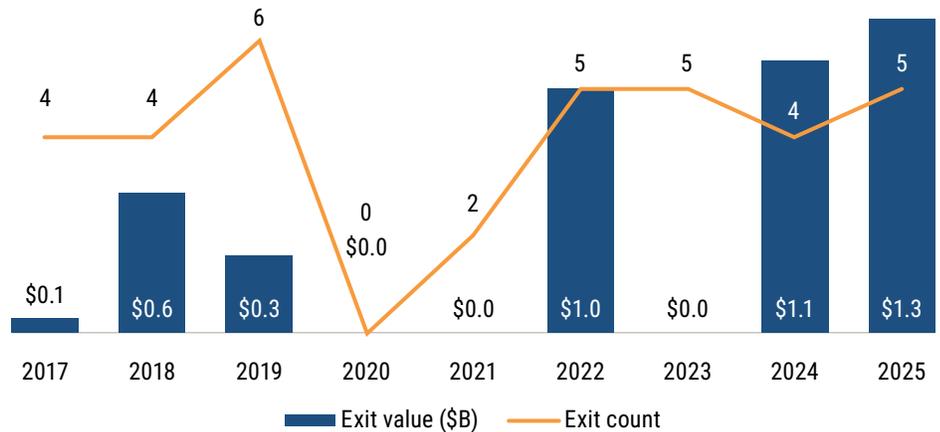
Target company	Close date	Category	Buyer	Seller/ PE sponsor	Deal value (\$B) (EV/price)	EV/sales	EV/ EBITDA
CAES	September 4, 2024	Defense electronics (RF, radar, sensing)	Honeywell	Advent International (PE exit)	\$1.9	N/A	14.0x
Trexon	November 6, 2025	High-reliability interconnect (defense electronics supply chain)	Amphenol	Audax Private Equity (PE exit)	\$1.0	3.5x	13.3x
L3Harris Commercial Aviation Solutions	March 1, 2025	Avionics/electronics carveout	TJC	L3Harris	\$0.8	N/A	N/A
Select Excelitas A&D Electronics Businesses	February 3, 2025	Aerospace & defense electronics (optics, electronic systems)	Teledyne	Excelitas (AEA Investors, PE-backed)	\$0.7	N/A	N/A
BlueHalo	May 1, 2025	Defense technology (EW, space, C-UAS, electronics-heavy)	AeroVironment	Arlington Capital Partners (PE exit)	\$4.1	N/A	N/A
Mercury Systems	August 16, 2024	Defense electronics (mission computing, RF, embedded processing)	Bain Capital	Public shareholders	\$4.0	N/A	14.3x
Maxar Technologies	February 14, 2023	Space systems & defense electronics	Advent International	Public shareholders	\$6.4	N/A	10.5x
Ducommun Incorporated	August 1, 2023	Aerospace & defense electronics and structures	Albion River	Public shareholders	\$0.9	1.2x	11.5x
Héroux-Devtek	June 1, 2023	Aerospace & defense components (actuation & electronics exposure)	Platinum Equity	Public shareholders	\$1.4	N/A	10.7x
Ultra Electronics	August 1, 2022	Defense electronics (sensing, comms, EW)	Advent International	Public shareholders	\$3.4	N/A	11.5x

Source: PitchBook • Geography: Global • As of March 10, 2026



Exit pathways are predominantly strategic. Prime contractors and Tier 1 suppliers pursue acquisitions to secure supply chains, increase electronics content per platform, and capture higher-margin subsystems. Secondary buyouts occur where scaled electronics platforms have been successfully built, but strategic demand remains the primary monetization channel. Recent exits such as Trexon, BlueHalo, and CAES underscore the appetite among strategics for electronics capabilities that enhance vertical integration and program capture.

Defense electronics PE exit activity



Source: PitchBook • Geography: Global • As of March 10, 2026

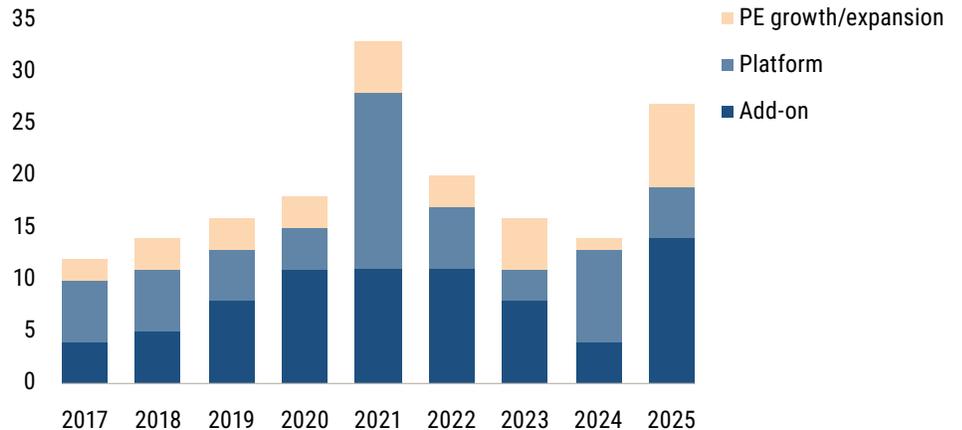
Risks must be underwritten carefully. Program concentration can create volatility if a major platform is delayed or canceled. Export controls and International Traffic in Arms Regulations restrictions can limit buyer universes and complicate diligence. Budget fluctuations, particularly outside the US, introduce geopolitical risk. Technological obsolescence can erode competitive advantage if research & development investment lags. Successful sponsors mitigate these risks through diversification across programs, disciplined contract review, and proactive investment in next-generation capabilities.

Over the next decade, ongoing defense modernization suggests continued expansion in electronics intensity. AI at the edge, resilient navigation in denied environments, spectrum competition, and distributed sensing architectures will reinforce demand for computing, sensors, and communications hardware. While headline defense budgets may fluctuate, the structural shift toward electronics-enabled warfare appears durable.

For private equity, the most compelling opportunities remain in enabling components, electronic warfare subsystems, mission computing platforms, scalable sensing technologies, and fragmented testing and certification services. These areas combine growth, defensibility, and realistic exit pathways. Sponsors positioned within these areas are likely to capture disproportionate value as primes seek consolidation and governments prioritize technological superiority.



Defense electronics PE deal count by type



Source: PitchBook • Geography: Global • As of December 31, 2025

Global market overview

Defense electronics have moved from being a supporting layer within defense platforms to becoming a primary determinant of military advantage. Modern conflict has demonstrated that survivability and effectiveness are defined less by fleet size and more by sensing density, spectrum control, compute power, and resilient communications. The practical implication for PE investors is that electronics are absorbing a growing share of incremental defense spending. Marginal dollars are increasingly directed toward systems that enhance lethality, survivability, and connectivity through electronics-intensive upgrades.

The global defense electronics market is estimated at approximately \$185 billion in 2025, growing at roughly 5% annually through 2035, according to Precedence Research.¹ Other estimates are similar in scope. Global Markets Insights put the market at \$175 billion in 2024,² growing at a 5.8% CAGR. Future Markets Insights put the category at \$188.3 billion in 2025, growing at a 5.5% CAGR.³ These growth rates outpace overall defense spending growth, estimated at approximately 3% to 4% in real terms by the Stockholm International Peace Research Institute.⁴

Using full-year 2026 US Department of Defense (DoD) procurement accounts as a proxy, approximately 37% of procurement dollars fall within electronics-heavy budget categories such as “other procurement” and “defense-wide procurement.”⁵ However, this figure is only a proxy. It includes some non-electronics items and excludes electronics embedded within aircraft, shipbuilding, missile, and munitions accounts, as well as electronics spending within research, development, test & evaluation, and operations budgets. As a result, electronics-related spending extends beyond this 37% figure, but the precise share is not explicitly broken out in public budget documents. What is clear is that this is a sizable and growing sector within defense.

1: “What is the Defense Electronics Market Size?” Precedence Research, February 4, 2026.

2: “Defense Electronics Market Size & Share 2025 to 2034,” Global Market Insights, Suraj Gujar and Partha Paul, December 2024.

3: “Defense Electronic Market (2025 - 2035),” Future Market Insights, Sudip Saha, October 20, 2025.

4: “Trends in World Military Expenditure, 2024,” Stockholm International Peace Research Institute, Xiao Liang, et al., April 2025.

5: “Procurement Programs (P-1): Department of Defense Budget Fiscal Year 2026,” Office of the Under Secretary of Defense (Comptroller), June 2025.



This report is written explicitly as a PE-focused analysis of defense electronics. The goal is not simply to describe technologies, but to identify where capital has been deployed historically, where it is flowing today, and where value creation is possible over the next decade given US and European defense priorities.

Defense electronics now sit at the center of military capability. Unlike platforms, electronics benefit from continuous upgrade cycles, faster innovation tempos, and a structural shift toward software-defined warfare. These characteristics make the sector increasingly attractive to financial sponsors, particularly those seeking long-duration cash flows combined with secular growth.

A PE-driven taxonomy of defense electronics

This market map includes many suppliers to this ecosystem to help with deal sourcing and idea generation, as well as aid service providers in finding where in the supply chain these companies are operating. The market map was created using PitchBook's comprehensive deal and company dataset, sorted into the disparate defense electronics categories expanded upon below.

Defense electronics market map





Defense electronics market map (continued)

Electronic warfare



Avionics & vetronics



Guidance, navigation & control



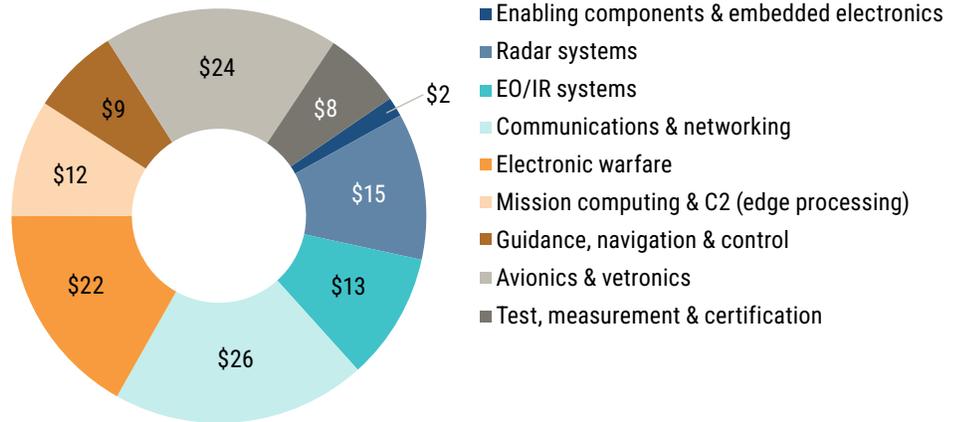
From an investment perspective, defense electronics are best understood by how value is created, scaled, and exited. The following taxonomy reflects how sponsors typically underwrite opportunities.

PitchBook has created a market map that aligns with the following sectors:

- **Enabling components & embedded electronics:** includes embedded processing, power electronics, interconnect, and microelectronics. These businesses tend to be platform-agnostic, multiprogram, and highly defensible once qualified.
- **Sensing & detection:** includes radar, electro-optical & infrared (EO/IR) sensors, and undersea sensing. These are differentiated, export-relevant systems with strong aftermarket presence.
- **Communications & networking:** includes tactical radios, data links, and satellite communications terminals. These are upgrade-driven markets with strong standards and interoperability dynamics.
- **Electronic warfare:** encompasses electronic support, electronic attack, and electronic protection. This is one of the fastest-growing and most urgent areas of defense spending.
- **Mission computing & C2 (edge processing):** Increasingly resembles ruggedized enterprise infrastructure deployed at the tactical edge.
- **Guidance, navigation & control:** Electronics tied to precision munitions and autonomy.
- **Avionics & vetronics:** Platform-integrated electronics that are tied to programs but often deliver long-lived cash flows.
- **Test, measurement & certification:** All electronics that go into military weaponry, aircraft, and vehicles have to be vigorously tested, and this is a category that is ripe for deal activity, as it has sticky recurring revenue streams and a lot of upgrade opportunities. It is also fragmented and can be consolidated.



Defense electronics total addressable market (TAM) (\$B)



Source: PitchBook • Geography: Global • As of December 31, 2025

Defense electronics heatmap

	Growth	Fragmentation	Regulatory risk	PE activity
Enabling components & embedded electronics	4	4	3	4
EO/IR systems	4	3	3	4
Electronic warfare	5	3	3	5
Communications & networking	3	3	3	4
Mission computing & C2 (edge processing)	4	3	3	4
Radar systems	3	3	4	3
Avionics & vetronics	3	2	3	3
Guidance, navigation & control	5	2	5	2

Source: PitchBook • Geography: Global • As of December 31, 2025



Enabling components & embedded electronics: the private equity foundation layer

Embedded processing, power electronics, interconnect, and trusted microelectronics form the foundational layer beneath all higher-level defense electronics systems. These components convert power, process data, and physically connect sensors, processors, and effectors.

The global military embedded electronics and power electronics market is small but growing. According to Future Market Insights, the subcategory is estimated to be valued at about \$2 billion in 2025, and could reach \$4.4 billion by 2035, a CAGR of 8.1%.⁶

In the US, policy priorities in defense electronics are increasingly shaped by supply chain security. The DoD has identified microelectronics, advanced packaging, and power electronics as critical industrial base vulnerabilities in successive Industrial Capabilities reports and the National Defense Industrial Strategy. These concerns are reflected in funding mechanisms such as Defense Production Act Title III investments and semiconductor incentives under the CHIPS and Science Act, as outlined in DoD budget materials.⁷

Europe has adopted parallel priorities. The European Defence Agency's Capability Development Plan and the European Commission's European Chips Act both emphasize strategic autonomy in microelectronics and the reduction of reliance on non-European suppliers for critical semiconductor technologies.

From a private equity standpoint, the defense electronics segment is an especially attractive entry point. Sponsors value the multiplatform exposure, long qualification cycles, and predictable aftermarket demand that underpin recurring revenue and defensible margins. Typical deal strategies involve acquiring founder-owned businesses or corporate carveouts, investing in quality systems and capacity expansion, and executing bolt-on acquisitions to broaden technical capability and end-market reach.

A clear example of this playbook in action is Audax Private Equity's build-up of Trexon, a maker of interconnect and cable assembly solutions for defense, space, and other mission-critical markets. Audax consolidated multiple interconnect businesses under a unified platform, pursued a series of add-on acquisitions, and enhanced operational execution before selling Trexon to Amphenol Corporation for approximately \$1 billion in cash in November 2025.

⁶: "Military Embedded Systems Market Size and Share Forecast Outlook 2025 to 2035," Future Market Insights, Sudip Saha, August 13, 2025.

⁷: "National Defense Industrial Strategy," Department of Defense, November 16, 2023.



Sensing & detection electronics: radar, electro-optical, and undersea systems

Radar systems

Radar systems, meaning radio detection and ranging systems, are central to air and missile defense, naval warfare, and ground surveillance. Modern systems rely on active electronically scanned arrays using gallium nitride-based transmit-receive modules, enabling simultaneous search, track, and fire control functions.

The global military radar market is estimated at \$14 billion to \$16 billion annually, with a CAGR of 5.4% through 2030, according to MarketsandMarkets.⁸ Based on market estimates for total defense spending, radar represents roughly 4% to 5% of total global defense procurement spending.

US spending priorities are dominated by integrated air and missile defense, including hypersonic threat detection and persistent surveillance. Missile Defense Agency (MDA) budget justification materials show sustained radar investment growth across radar and sensor programs, including radar sensors within Ballistic Missile Defense and Hypersonic Defense program elements.⁹ This is part of a layered homeland and regional defense strategy.

In Europe, collective air and missile defense modernization has accelerated under initiatives such as the European Sky Shield Initiative,¹⁰ a multinational program aiming to build an integrated, ground-based air and missile defense network across participating states. This incorporates advanced radar and multilayer missile defense systems to improve air defense capability.

Private equity activity in radar is limited at the prime contractor level but increasingly active at the subsystem and component layer. Sponsors focus on transmit-receive modules, radio frequency power amplifiers, digital beamforming processors, and test equipment. Investment objectives typically center on scaling manufacturing, expanding content per radar system, and positioning for strategic acquisition by a prime or Tier 1 supplier. One recent PE deal in the space was the December 2025 acquisition of Stellant Systems by TransDigm for \$960 million.

EO/IR sensors

EO/IR systems detect visible and thermal energy for surveillance, targeting, navigation, and missile warning applications. Demand is supported by the proliferation of unmanned systems, persistent ISR requirements, counter-UAS needs, and modernization of space-based missile warning architectures.

Industry estimates place the global military EO/IR market in the low-to-mid-teens of billions of dollars annually—approximately \$11 billion to \$14 billion, according to

⁸: "Military Radar Market," MarketsandMarkets, June 2024.

⁹: "Department of Defense Fiscal Year (FY) 2026 Budget Estimates," Missile Defense Agency, June 2025.

¹⁰: "GBAD MR: National Armaments Director Signs Programme Agreement as Part of European Sky Shield Initiative With the German Federal Ministry of Defence," Swiss Federal Authorities, July 3, 2025.



multiple market research providers—with projected growth in the mid-single-digit to high-single-digit range. The segment represents a low single-digit percentage of global defense equipment procurement, reflecting its role as a critical but specialized subsystem within broader platform budgets.

US investment priorities emphasize space-based infrared missile warning, wide-area motion imagery, and next-generation overhead persistent sensing, as reflected in Space Force and MDA budget allocations. In Europe, modernization efforts focus on airborne targeting systems, naval electro-optical surveillance, and border monitoring solutions, often aligned with national industrial policy objectives.

Private equity has been comparatively more active in EO/IR than in radar, driven by dual-use exposure, exportability, and recurring upgrade cycles. Sponsors typically pursue control investments in niche imaging and infrared technology providers, executing bolt-on acquisitions to broaden spectral coverage (visible, MWIR, LWIR), enhance processing capabilities, and strengthen platform integration ahead of strategic exits. One recent deal in the space was the sale of Geost to Rocket Lab for \$325 million. Previously, Geost was acquired by LightRidge Solutions through its financial sponsor ATL Partners in 2021.

Communications & networking electronics

Tactical radios and data links

Tactical communications systems provide secure voice and data connectivity at the tactical edge. Modern systems are software-defined, allowing waveforms and encryption to be updated over time.

The global military tactical communications market is estimated at \$26 billion in 2025, growing at approximately 6.9% annually, to hit \$42 billion by 2032, according to Fortune Business Insights.¹¹ Tactical communications represent a low single-digit percentage of global defense procurement.

US priorities focus on resilient, anti-jam communications to support multidomain operations. Europe emphasizes interoperability and compliance with NATO standards.

Private equity views this as a stable, refresh-driven market. Sponsors target diversified suppliers with strong certification portfolios and pursue buy-and-build strategies to expand waveform and customer coverage.

A recent PE deal in this space was the May 2025 sale of BlueHalo to AeroVironment for \$3.5 billion by Arlington Capital Partners. BlueHalo makes tactical communications among other defense gear.

¹¹: "Tactical Communication Market Size, Share & Industry Analysis..." Fortune Business Insights, February 23, 2026.



Electronic warfare: spectrum dominance as an investable theme

Electronic warfare includes electronic support, electronic attack, and electronic protection. These systems sense adversary emissions, deny spectrum use, and protect friendly systems.

The global electronic warfare market is estimated at \$22 billion, growing at 8.2% annually, and is expected to hit \$42 billion by 2034, according to Fortune Business Insights.¹² Electronic warfare accounts for a low-to-mid single-digit share of global defense procurement spending.

US priorities include airborne electronic attack, stand-off jamming, and rapid reprogramming capabilities. Europe is investing heavily in self-protection suites and naval electronic warfare systems.

Electronic warfare is among the most attractive defense electronics segments for private equity. Elevated threat urgency, a fragmented supplier base, recurring reprogramming revenue, and strong strategic exit pathways support control investments. Sponsors frequently pursue platform-building strategies at the subsystem level, targeting RF components, signal processing modules, and integration capabilities before exiting to prime contractors seeking vertically integrated spectrum solutions.

The BlueHalo deal mentioned above also counts as an electronic warfare deal, as BlueHalo does both. Another recent deal in the space was the 5% stake in publicly traded DroneShield (ASX:DRO) purchased in May 2025 by JPMorgan Chase. Though the purchase price was not disclosed, the share price of DroneShield has more than tripled since that investment was made.

Command, control, and mission computing electronics

Mission computing and edge processing

Mission computing and edge processing systems provide the hardware backbone for sensor fusion and real-time decision-making across modern defense platforms. These ruggedized computing architectures ingest and process data from radar, electro-optical, electronic warfare, and communications subsystems, increasingly functioning as distributed datacenters at the tactical edge.

While not typically reported as a standalone category, industry estimates derived from defense avionics, embedded computing, and rugged server markets suggest the global mission computing hardware segment is in the low double-digit billions of dollars annually, with projected mid-single-digit growth driven by platform modernization and AI integration. Because mission computers are embedded within larger electronics suites, they likely represent a low single-digit percentage of overall defense electronics procurement.

¹²: "Electronic Warfare (EW) Market Size, Share & Russia-Ukraine War Impact Analysis..." Fortune Business Insights, February 23, 2026.



Private equity increasingly views mission computing as a hybrid hardware-software opportunity. Attractive targets typically control proprietary architectures, hold long-term sustainment and upgrade contracts, and maintain deep systems integration relationships with prime contractors. Sponsors often pursue platform-building strategies to combine rugged hardware, middleware, and integration capabilities ahead of strategic exits to larger defense electronics suppliers.

In August 2024, CAES (then a subsidiary of Cobham) was acquired by Honeywell for \$1.9 billion, highlighting the strategic importance of this space.

Guidance, navigation & control electronics

Guidance electronics

These electronics enable precision strike and autonomous operation through inertial sensors, GNSS receivers, seekers, and flight control processing systems. These subsystems underpin precision-guided munitions, loitering weapons, cruise missiles, and increasingly autonomous platforms operating in contested environments.

While not typically reported as a standalone category, industry estimates derived from military inertial navigation systems and missile guidance subsystem markets suggest the global guidance electronics segment represents a high-single-digit to low-double-digit billion-dollar opportunity, with high-single-digit annual growth driven by munitions replenishment, long-range fires expansion, and autonomy programs.

US modernization priorities emphasize navigation resilience in GNSS-denied environments, including anti-jam GPS, alternative PNT architectures, and hardened inertial systems. European investment similarly centers on precision strike systems with export potential, supported by domestic missile manufacturers and sovereignty considerations.

Private equity participation in this segment remains selective due to export controls and national security sensitivity. However, opportunities exist at the component and subsystem level, particularly in inertial measurement units, MEMS gyroscopes, anti-jam modules, and specialized test and validation equipment supporting precision systems.

In the past 24 months, there have been very few, if any, reported PE deals in this space. This remains one of the least penetrated segments by PE in defense electronics.

Avionics & vetronics

Avionics and vetronics integrate electronics at the platform level, combining navigation, mission processing, communications, sensors, and display systems into cohesive architectures for aircraft and ground vehicles. Avionics relates to aircraft, and vetronics to ground vehicles.



Industry research places the military aircraft avionics market at approximately \$24 billion in 2026, with mid-single-digit CAGR through 2031. At the same time, the military vetronics market is forecast in the low-single-digit billions with steady growth.

Taken together, and excluding broader commercial avionics, avionics & vetronics systems in defense support a combined global TAM in the low-to-mid-\$20 billion range, consistent with company disclosures and industry analyst synthesis.¹³

Organic growth in legacy platforms is typically incremental, with more pronounced upside tied to next-generation aircraft and ground vehicle programs. As a result, private equity participation in this segment most often occurs through carveouts or as part of broader defense electronics platforms rather than standalone avionics companies.

In March 2025, the commercial aviation solutions business L3Harris was carved out and bought by TJC for \$800 million. In November 2024, CoreAVI, maker of software used in avionics, was bought by Lynx Software Technologies through its financial sponsor OceanSound Partners for an undisclosed amount.

Test, measurement & certification

Test, measurement & certification is the enabling layer that turns defense electronics from prototypes into fieldable systems. It includes calibration and metrology services, environmental and reliability testing, electromagnetic compatibility and interference testing, materials and nondestructive testing, and formal qualification and certification work tied to military standards and customer requirements. For electronics suppliers, this category is not optional. Every radar, radio, mission computer, or EW subsystem must be validated for performance, ruggedness, and compliance before it can be delivered, and then recalibrated and retested throughout its operating life. That creates a demand profile that is less tied to a single procurement year and more tied to the installed base of platforms and electronics that require periodic verification and sustainment.

Sizing this category is inherently messy because market researchers often split it between equipment and services. One useful anchor is the aerospace & defense test and measurement equipment market, which Grand View Research estimates at about \$5.9 billion in 2025 and growing at a 4.3% CAGR through 2033.¹⁴ In parallel, specialized testing services such as EMC testing represent a multibillion-dollar market on their own, with MarketsandMarkets estimating EMC testing at \$2.8 billion in 2024, and with the expectation to reach \$5.3 billion by 2034, with a CAGR of 6.4%.¹⁵ Taken together, these slices support the view that test, measurement & certification attached to defense electronics is a large, durable, high-single-digit-billions opportunity globally, with steady mid-single-digit growth.

¹³: "Military Aircraft Avionics Market Size & Share Analysis - Growth Trends and Forecast (2026 - 2031)," Mordor Intelligence, January 7, 2026.

¹⁴: "Aerospace And Defense - Test and Measurement Equipment Market Statistics," Grand View Horizon, n.d., accessed March 13, 2026.

¹⁵: "EMC Testing Market," MarketsandMarkets, n.d., accessed March 13, 2026.



In the US, the most important theme is modernization of test and evaluation itself. The DoD has identified modernization of weapons systems testing as a priority for getting capability to the field faster, with modernization planning themes including digital engineering tools and workforce capability. In Europe, the focus is on interoperability, standardization, and the build-out of shared testing capacity. NATO’s Federated Mission Networking relies on verification and validation events to ensure nations remain interoperable, and exercises such as CWIX (an annual NATO-led interoperability event) function as a practical test ground for federated compliance.

Private equity tends to like this category for the same reason it likes other “picks and shovels” segments. Testing and calibration businesses often sit downstream of multiple electronics programs, benefit from recurring requirements tied to accreditation and quality systems, and grow through both installed-base expansion and consolidation. The category is also structurally fragmented, which supports a buy-and-build approach, and the work is sticky because customers are reluctant to switch labs once processes, certifications, and turnaround expectations are established. Sponsors typically underwrite these assets as durable cash flow businesses with operational upside, then pursue density plays by acquiring additional accredited labs, expanding service menus, and building a national footprint that can serve large aerospace & defense customers consistently across sites.

Recent deal activity fits that pattern. In July 2025, Accredited Labs announced the acquisition of Trident Calibration Labs and ETI Precision, expanding its calibration and metrology footprint through add-ons that are directly in the test and measurement lane. In April 2025, Kanbrick acquired Laboratory Testing, an independent testing laboratory with Nadcap and ISO/IEC 17025 accreditations, providing materials testing, nondestructive testing, and calibration services to mission-critical industries. Both transactions are consistent with the way sponsors approach this space: build scale around accredited capabilities, broaden test modalities, and position the platform as a preferred outsourced partner for regulated end markets, including defense electronics supply chains.

Leading defense electronics investors

Investor	Investor type	Investment count
J.F. Lehman & Co.	PE/buyout	11
US Department of War	Government	8
Vance Street Capital	PE/buyout	7
Audax Private Equity	PE/buyout	6
Barings	Asset manager	6
Behrman Capital	PE/buyout	6
HCI Equity Partners	PE/buyout	6
TJC	PE/buyout	6
Arcline Private Equity	PE/buyout	5
Arlington Capital Partners	PE/buyout	5

Source: PitchBook • Geography: Global • As of December 31, 2025



Other defense electronics deal activity

On February 4, 2026, WB Electronics, a Polish-based maker of electronics and imaging technology for military applications, filed to go public on the Warsaw Stock Exchange under an as-yet undisclosed ticker. The company, which has about 2,500 employees, had last reported (December 2024) revenues of \$566 million with a 19.1% EBIT margin.

On December 31, 2025, Stellant Systems, a California-based maker of electron and spectrum devices used in various end markets, including electronic warfare and radar, agreed to be acquired by TransDigm for \$960 million, which equates to 3.2x revenue.

On September 25, 2025, ADI American Distributors, a New Jersey-based maker of electronics used in defense and other industries, was acquired by AAR for \$146 million. The valuation was 0.98x revenue and 9.6x EBITDA.

In November 2025, Audax Private Equity sold its stake in Trexon to Amphenol for approximately \$1 billion, which implied a revenue multiple of 3.5x based on 2025 revenue of roughly \$290 million. Audax acquired its investment in Trexon back in January 2015, putting the hold time for this investment at roughly a decade.

On January 5, 2026, AE Industrial Partners announced plans to acquire a majority stake in L3Harris' Space Propulsion and Power Systems business at an enterprise value of approximately \$845 million, underscoring sponsor appetite for electronics-heavy defense carveouts. L3Harris will maintain a 40% stake in the unit after the sale.



PitchBook provides actionable insights across the global capital markets.

Additional research:



Q1 2026 Analyst Note: The Iran War Viewed Through a PE Lens

Download the report [here](#)



Q4 2025 Aerospace & Defense Report

Download the report [here](#)

[PitchBook Insights](#) is an online compendium of in-depth data, news, analysis, and perspectives that shape the private capital markets.

PitchBook subscribers enjoy exclusive access to a comprehensive suite of private market insights, including proprietary research, news, data, tools, and more on the [PitchBook Platform](#).

COPYRIGHT © 2026 by PitchBook Data, Inc. All rights reserved. No part of this publication may be reproduced in any form or by any means—graphic, electronic, or mechanical, including photocopying, recording, taping, and information storage and retrieval systems—without the express written permission of PitchBook Data, Inc. Contents are based on information from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. Nothing herein should be construed as any past, current or future recommendation to buy or sell any security or an offer to sell, or a solicitation of an offer to buy any security. This material does not purport to contain all of the information that a prospective investor may wish to consider and is not to be relied upon as such or used in substitution for the exercise of independent judgment.

Nizar Tarhuni

Executive Vice President of Research and Market Intelligence

Paul Condra

Senior Director, Global Head of Private Markets Research

James Ulan

Director, Industry & Technology Research

Report created by:

Jim Corridore

Lead Research Analyst, Industrials

Jenna O'Malley

Senior Graphic Designer

Learn more about [PitchBook's Institutional Research team](#).

Click [here](#) for PitchBook's report methodologies.