

# 2020 Mid-Year Outlook: Aerospace & Defense

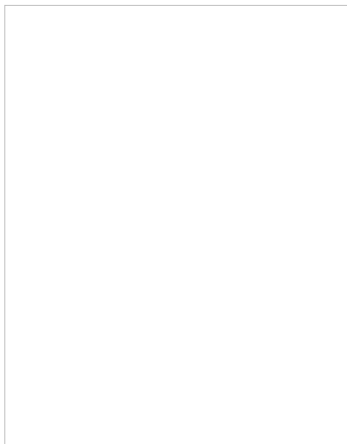
## 2020: Fall update

In the final weeks of 2019, the Aerospace & Defense (“A&D”) team within Mesirow Investment Banking was busy wrapping up our last M&A transaction advisory assignment of the year. A strong economy supported by low interest rates created an environment conducive to deal making; however, there were some early warning signs of a potential economic slowdown as we headed into 2020.

New aircraft bookings had begun to slow and well-documented issues surrounding the Boeing 737 Max plane had shuttered the 737 Max production line, putting a spotlight on the FAA aircraft certification process. Despite the deceleration in overall bookings, backlog and passenger traffic growth continued to bolster confidence in the industry’s production ramp plans. The question on our minds as 2019 was coming to a close was how long the cycle would continue. As readers of our past updates will know – we were cautiously looking forward to 2020. With the benefit of hindsight, we can only say what a difference a year makes!

## COVID-19 impact on Aerospace & Defense

While we were publishing our 2019 year-end A&D report, across the world in Wuhan, China, a novel virus known as COVID-19 was seeding itself and setting the stage for a rapid spread around the globe. Many in the aerospace industry were initially viewing the virus with caution but were skeptical that it could develop into a pandemic that would ultimately change the way we live and travel. By the end of the first quarter of 2020, our worst fears had become a reality – COVID-19 was officially designated by the World Health Organization as a global pandemic with far-reaching repercussions across every corner of the world. While the entire global economy has taken a hard hit, the commercial aerospace industry has been particularly impacted. As spring pushed into summer and the global economy grounded to a halt as people around the world were ordered to shelter in place, the commercial aerospace industry found itself in a fight for survival.



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