

A photograph of an airplane cabin interior, showing rows of seats and windows, with a blue overlay on the right side containing text.

# INDUSTRY UPDATE

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AEROSPACE & DEFENSE  
Q3 2020



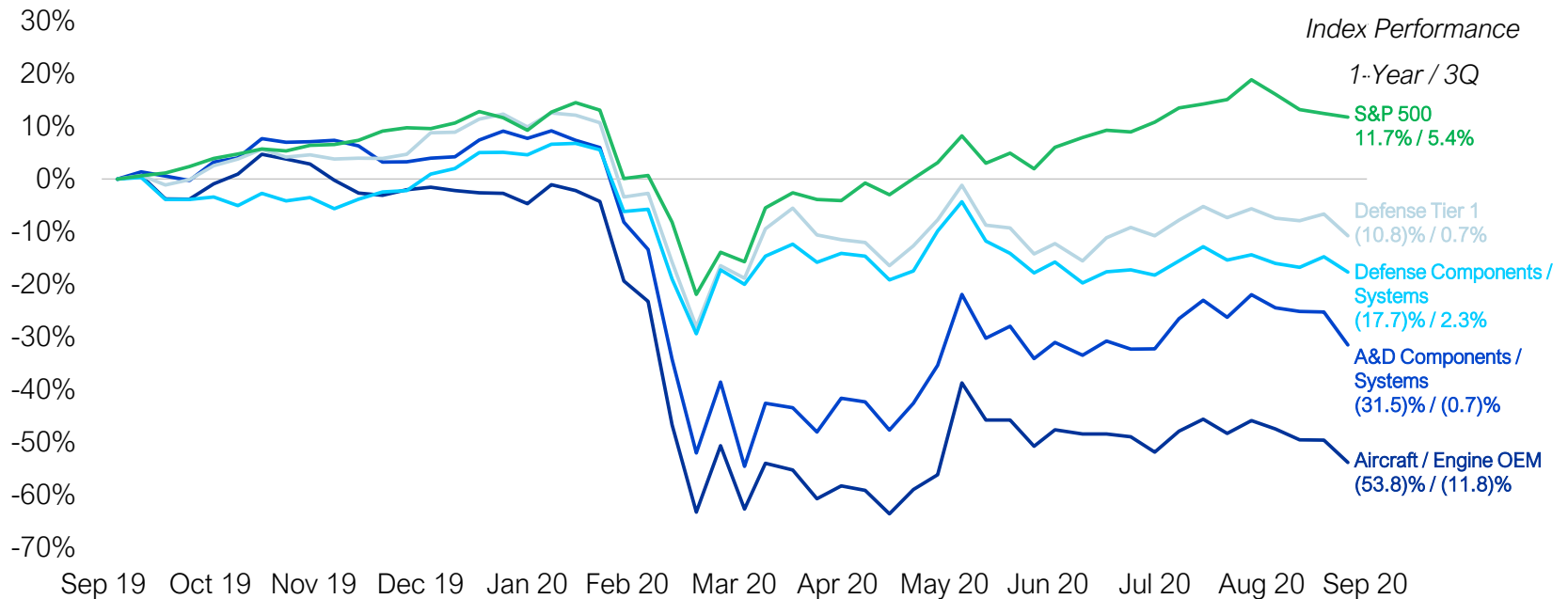
GREENWICH  
CAPITAL GROUP

# GCG INDUSTRY UPDATE | Aerospace & Defense

## Public Market Performance

Q3 2020 initially continued the recovery seen in Q2 for many public equities before ending the quarter near or below where they started as election uncertainty began to weigh on sentiment. Across the indices tracked in this update, the S&P 500 significantly outperformed all others over the past 12 months. All other indices were in negative territory, but Defense Tier 1 (+0.7%) and Defense Component / Systems (+2.3%) had positive performances in Q3. Impacts of the pandemic continue to evolve with respect to global demand for air travel while FY21 defense spending will be subject to a continuing resolution (CR) which runs through December 11. The CR was signed September 30<sup>th</sup> and keeps agencies running under 2020 funding levels for the next 10 weeks, past the upcoming presidential election.

### Aerospace & Defense Market Performance



Source: S&P Capital IQ

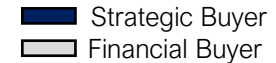
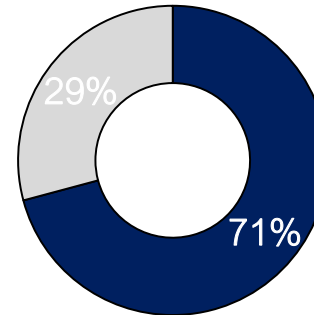
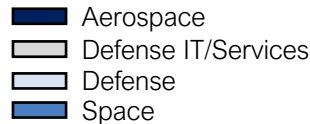
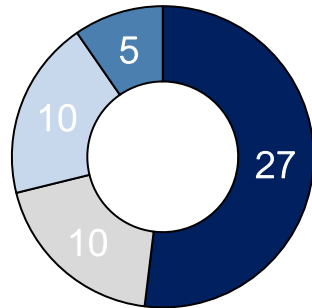
Note: All values based on publicly available data as of 09/30/2020



# GCG INDUSTRY UPDATE | Aerospace & Defense

## M&A Activity

Q3 2020  
Transaction Volume:  
**52**



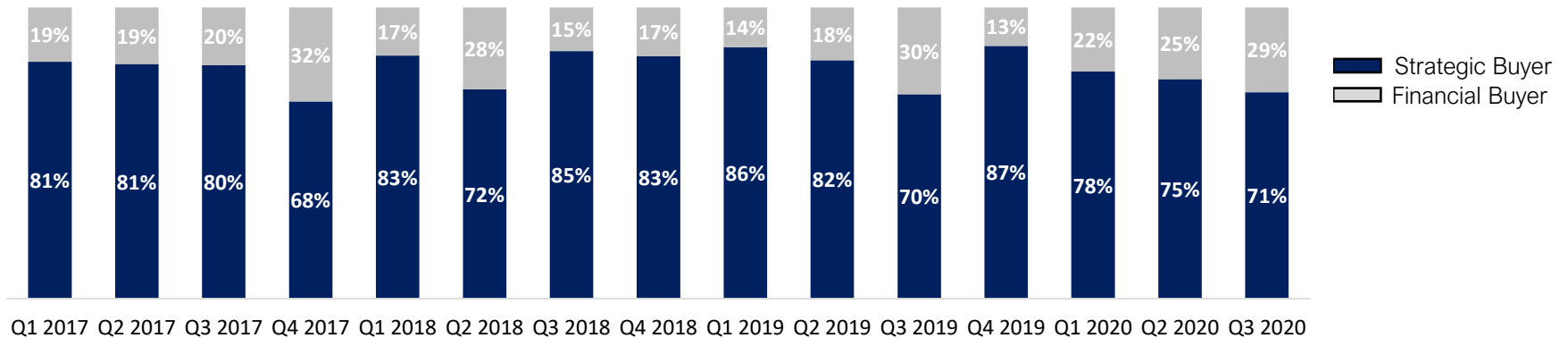
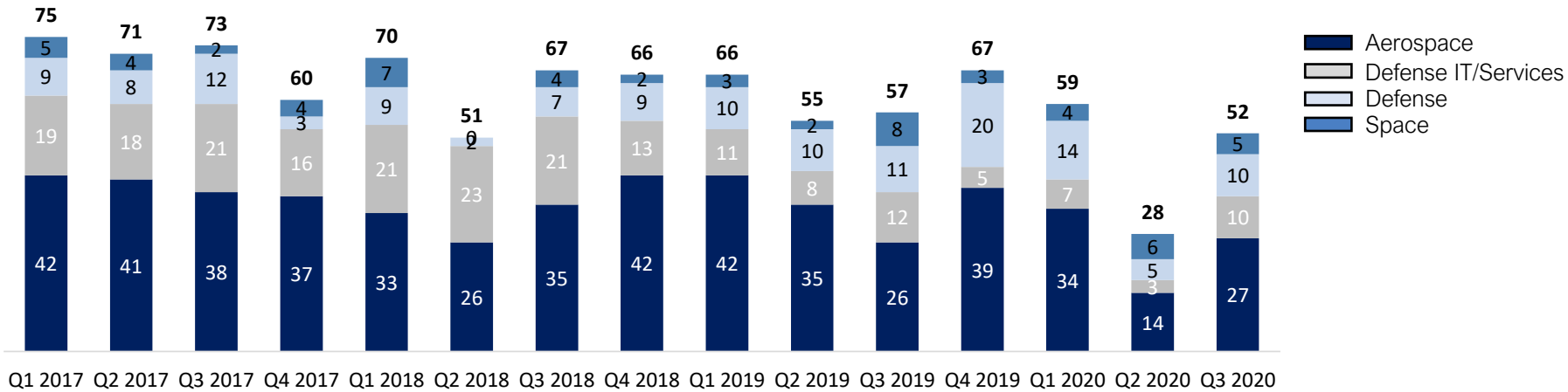
## Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
09/24/2020	Delta Tucker Holdings, Inc. (Cerberus Capital)	Amentum Holdings LLC	-	Provides aviation solutions, law enforcement training and support, base and logistics operations, intelligence training, counter-narcotics aviation and other services.
09/17/2020	Torotel, Inc. (OTCPK:TTLO)	TT Group Industries, Inc. (LSE: TTG)	\$43	Designs, manufactures and distributes various precision magnetic components for use in military, commercial aerospace and industrial electronic industries.
09/10/2020	Azimuth Technology (Clavis Capital Partners; LongueVue Capital)	Chumash Capital Investments, LLC	-	Offers precision contract manufacturing services for the defense industry. The company was founded in 2012 and is headquartered in Florida.
09/09/2020	Team Wendy, LLC	Avon Protection Systems, Inc. (LSE: AVON)	\$130	Manufactures and supplies helmets for military, law enforcement, search and rescue and adventure sports markets. The company is based in Ohio.
08/20/2020	Prospect Mold	P4G Capital	-	Prospect Mold is a leading manufacturer of complex parts and custom materials for the aerospace and defense (A&D) and automotive industries.
08/20/2020	Instrument Development Corporation (Monument Capital Partners)	BERKS Group	-	Manufactures precision machined metal components for military and commercial applications. The company was incorporated in 1987 and is based in Wisconsin.
08/03/2020	Composites Business of Triumph Group	Arlington Capital	-	Comprises structural and engine composite fabrications and assemblies for commercial, business jet and defense platforms.
07/28/2020	Aero Systems Engineering, Inc. (Gen Cap America)	Calspan Technology Holding Corporation	-	Offers ground-based testing and engineering solutions for the aerospace industry. Founded in 1967 and based in Minnesota.
07/27/2020	Field Aerospace, Inc.	Trive Capital	-	Provides aircraft modification, design engineering, and avionics services for commercial and military clients. Founded in 2012 and based in Cincinnati, Ohio.
07/22/2020	AM General LLC (MacAndrews & Forbes)	KPS Capital Partners, LP	-	Engineers, manufactures, supplies and supports specialized vehicles for military, commercial and consumer. Headquartered in Indiana.
07/22/2020	Cling's Aerospace, LLC.	ARCH Global Precision (The Jordan Company)	-	Manufactures machined parts, custom-fabricated tubes, weldments and assemblies for the A&D industries. Founded in 1972 and based in Arizona.
07/01/2020	Meggitt Training Systems, Inc.	Pine Island Capital Partners LLC	\$146	Develops, manufactures and distributes integrated live-fire and virtual weapons training systems. Founded in 1984 and headquartered in Georgia.

Source: Capital IQ and GCG research

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## M&A Trends



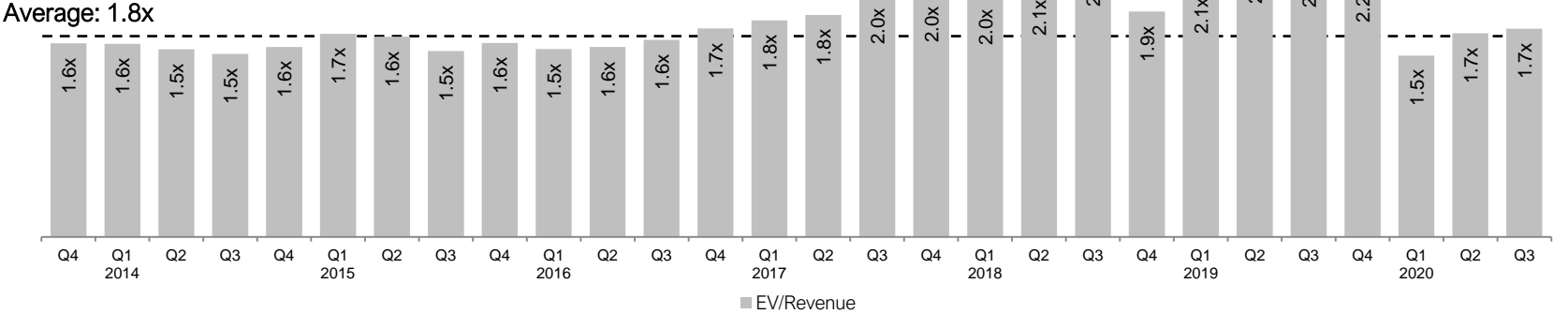
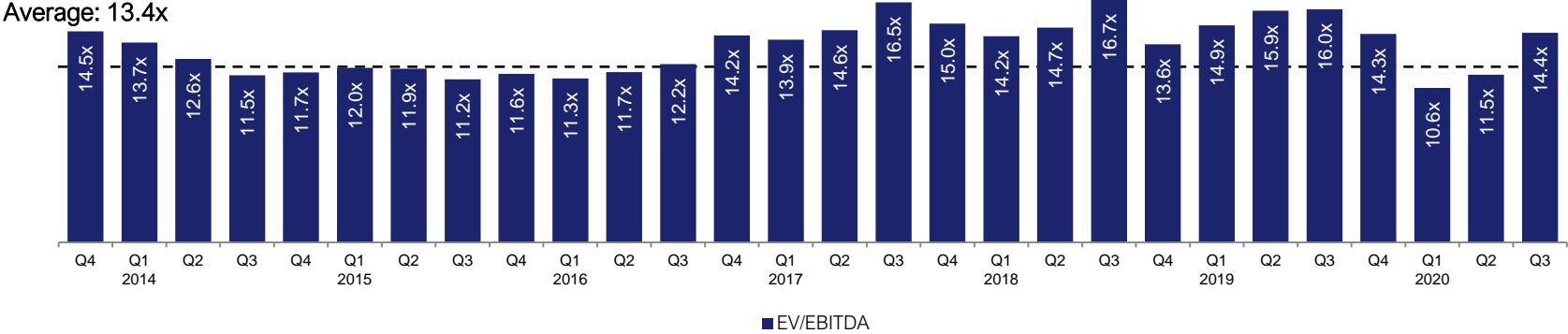
Source: S&P Capital IQ & GCG Research

Note: All values based on publicly available data as of 09/30/2020



# GCG INDUSTRY UPDATE | Aerospace & Defense

## Public Company Trading Multiples



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 09/30/2020



# GCG INDUSTRY UPDATE | Aerospace & Defense

## Public Comparable Companies

Company Name	Enterprise	Revenue	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	(\$mils)	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
<b>Aircraft/Engine OEM</b>								
The Boeing Company	\$123,982	\$66,606	(6.9%)	(55.2%)	4.9%	(1.6%)	1.9x	NM
Airbus SE	\$66,473	\$65,901	5.4%	(40.3%)	11.7%	(0.0%)	1.0x	NM
Bombardier Inc.	\$11,906	\$14,320	(17.4%)	(78.8%)	5.3%	(2.1%)	0.8x	NM
Textron Inc.	\$10,823	\$12,543	10.0%	(26.7%)	14.0%	9.5%	0.9x	8.6x
MTU Aero Engines AG	\$10,104	\$4,990	(2.1%)	(36.4%)	17.9%	14.0%	1.9x	11.7x
Rolls-Royce Holdings plc	\$8,685	\$17,988	(57.7%)	(84.1%)	0.3%	(9.6%)	0.5x	NM
Embraer S.A.	\$2,763	\$1,402	(24.0%)	(73.2%)	14.4%	(15.1%)	2.0x	NM
Dassault Aviation SA	\$2,729	\$7,824	(6.9%)	(39.7%)	30.0%	10.0%	0.3x	2.6x
Mean	\$26,815	\$23,947	(12.4%)	(54.3%)	12.3%	0.7%	1.2x	7.6x
Median	\$10,464	\$13,432	(6.9%)	(47.7%)	12.8%	(0.8%)	0.9x	8.6x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 09/30/2020



# GCG INDUSTRY UPDATE | Aerospace & Defense

## Public Comparable Companies (Cont'd)

Company Name	Enterprise	Revenue	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	(\$mils)	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
<b>A&amp;D Components/Systems</b>								
Safran SA	\$46,751	\$24,580	(2.4%)	(36.7%)	47.4%	18.5%	1.8x	9.3x
TransDigm Group Incorporated	\$42,089	\$5,471	9.5%	(5.0%)	54.6%	43.6%	7.7x	17.4x
HEICO Corporation	\$13,610	\$1,902	4.6%	4.6%	38.4%	26.1%	7.2x	26.3x
Woodward, Inc.	\$5,906	\$2,701	6.9%	(22.7%)	24.5%	16.5%	2.2x	12.7x
Hexcel Corporation	\$3,956	\$2,057	(19.4%)	(54.1%)	24.3%	21.7%	1.9x	8.8x
Meggitt PLC	\$3,950	\$2,628	(10.1%)	(55.8%)	33.7%	21.4%	1.4x	6.5x
Spirit AeroSystems Holdings, Inc.	\$3,589	\$5,601	(15.3%)	(75.9%)	3.7%	3.7%	0.6x	16.2x
Triumph Group, Inc.	\$1,979	\$2,665	(17.9%)	(66.0%)	20.5%	9.3%	0.7x	7.1x
AAR Corp.	\$889	\$1,931	(9.1%)	(52.5%)	13.0%	4.1%	0.5x	8.1x
Ducommun Incorporated	\$693	\$689	0.5%	(16.7%)	21.5%	12.2%	1.0x	7.9x
Senior plc	\$550	\$1,163	(34.1%)	(73.9%)	19.5%	8.5%	0.5x	4.7x
Héroux-Devtek Inc.	\$433	\$440	(5.0%)	(44.7%)	16.6%	13.5%	1.0x	6.4x
Astronics Corporation	\$396	\$657	(21.8%)	(72.9%)	21.6%	8.2%	0.6x	6.6x
Magellan Aerospace Corporation	\$345	\$649	(1.6%)	(53.3%)	14.9%	13.6%	0.5x	3.8x
Latécoère S.A.	\$313	\$646	(38.8%)	(65.2%)	33.7%	(4.4%)	0.5x	NM
Mean	\$8,363	\$3,585	(10.3%)	(46.0%)	25.9%	14.4%	1.9x	10.1x
Median	\$1,979	\$1,931	(9.1%)	(53.3%)	21.6%	13.5%	1.0x	8.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 09/30/2020



# GCG INDUSTRY UPDATE | Aerospace & Defense

## Public Comparable Companies (Cont'd)

Company Name	Enterprise	Revenue	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	(\$mils)	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
<b>Defense Tier 1</b>								
Lockheed Martin Corporation	\$116,329	\$62,920	5.7%	(0.9%)	13.5%	14.9%	1.8x	12.3x
Raytheon Technologies Corporation	\$115,871	\$80,185	(6.7%)	(57.1%)	24.4%	16.4%	1.4x	8.4x
Northrop Grumman Corporation	\$64,852	\$34,700	1.2%	(15.2%)	21.3%	12.2%	1.9x	13.9x
General Dynamics Corporation	\$53,239	\$38,547	(6.1%)	(22.7%)	17.2%	13.6%	1.4x	9.4x
BAE Systems plc	\$24,720	\$23,291	4.1%	(9.2%)	62.5%	10.4%	1.0x	8.4x
Leonardo S.p.a.	\$9,471	\$15,418	(12.8%)	(50.8%)	36.1%	10.3%	0.6x	5.0x
Huntington Ingalls Industries, Inc.	\$7,489	\$8,921	(19.4%)	(32.2%)	17.2%	11.0%	0.8x	6.9x
Saab AB (publ)	\$4,324	\$3,803	17.1%	6.6%	22.5%	9.9%	1.1x	9.6x
Mean	\$49,537	\$33,473	(2.1%)	(22.7%)	26.8%	12.3%	1.3x	9.2x
Median	\$38,979	\$28,996	(2.4%)	(18.9%)	21.9%	11.6%	1.2x	8.9x

Source: S&P Capital IQ

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# GCG INDUSTRY UPDATE | Aerospace & Defense

## Public Comparable Companies (Cont'd)

Company Name	Enterprise	Revenue	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	(\$mils)	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
<b>Defense Components/Systems</b>								
L3Harris Technologies, Inc.	\$43,226	\$24,004	1.3%	(15.2%)	28.1%	18.4%	1.8x	9.8x
Thales S.A.	\$20,976	\$20,214	(4.9%)	(34.3%)	23.1%	10.0%	1.0x	8.5x
Elbit Systems Ltd.	\$6,308	\$4,573	(12.3%)	(26.2%)	26.1%	10.6%	1.4x	11.0x
FLIR Systems, Inc.	\$5,197	\$1,893	(13.3%)	(31.2%)	49.6%	22.4%	2.7x	11.8x
Mercury Systems, Inc.	\$4,133	\$797	(5.7%)	(1.2%)	45.0%	18.4%	5.2x	26.4x
Aerojet Rocketdyne Holdings, Inc.	\$2,749	\$1,993	2.5%	(19.6%)	17.4%	13.8%	1.4x	9.5x
Cubic Corporation	\$2,689	\$1,472	20.2%	(14.8%)	28.5%	9.1%	1.8x	17.1x
Kratos Defense & Security Solutions, Inc.	\$2,376	\$709	26.5%	13.5%	26.6%	7.8%	3.4x	35.7x
Ultra Electronics Holdings plc	\$2,018	\$1,054	6.7%	4.8%	28.9%	15.4%	1.8x	11.2x
AeroVironment, Inc.	\$1,168	\$368	(19.1%)	18.3%	40.0%	13.7%	3.2x	23.1x
Chemring Group PLC	\$943	\$487	(1.1%)	28.4%	76.1%	19.0%	1.9x	9.9x
Espey Mfg. & Electronics Corp.	\$35	\$32	8.9%	(19.5%)	17.6%	5.5%	1.1x	19.8x
Mean	\$7,651	\$4,800	0.8%	(8.1%)	33.9%	13.7%	2.2x	16.2x
Median	\$2,005	\$1,263	0.1%	(15.0%)	28.3%	13.7%	1.8x	11.5x
<b>Aerospace &amp; Defense Mean</b>	<b>\$19,791</b>	<b>\$13,273</b>	<b>(6.1%)</b>	<b>(32.6%)</b>	<b>25.8%</b>	<b>11.3%</b>	<b>1.7x</b>	<b>14.6x</b>
<b>Aerospace &amp; Defense Median</b>	<b>\$4,324</b>	<b>\$2,701</b>	<b>(5.0%)</b>	<b>(32.2%)</b>	<b>22.5%</b>	<b>11.0%</b>	<b>1.4x</b>	<b>9.6x</b>

Source: S&P Capital IQ

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# GCG INDUSTRY UPDATE | Aerospace & Defense

## Aerospace & Defense Expertise

GCG's Aerospace & Defense ("A&D") team has an extensive industry background formed by working with dozens of clients across nearly all aspects of the commercial aerospace, regional jet, business jet, helicopter, military aircraft, and defense supply chain continuum. With experience serving private and publicly traded A&D companies in the U.S. and abroad, GCG has a deep understanding of the trends and dynamics affecting this increasingly global industry.

## More about Greenwich Capital Group

Greenwich Capital Group ("GCG") is a middle market focused advisory firm offering a range of investment banking and consulting services to private companies, public companies and private equity investors. For additional perspective or to discuss M&A related opportunities in the aerospace & defense sector, please reach out to GCG's A&D practice leader, Peter Frankfort. For more information, please visit [www.greenwichgp.com](http://www.greenwichgp.com).



**Peter Frankfort**

Managing Director

Aerospace & Defense Leader

[pfrankfort@greenwichgp.com](mailto:pfrankfort@greenwichgp.com)

O: (216) 245-6698

M: (313) 919-5592

Data Sources: We have based our findings on data provided by industry recognized sources. Data and information for this publication was collated from the S&P Capital IQ database. For more information on this or anything else related to our research, please email [info@greenwichgp.com](mailto:info@greenwichgp.com).

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