



INDUSTRY UPDATE

AEROSPACE & DEFENSE
Q4 2020

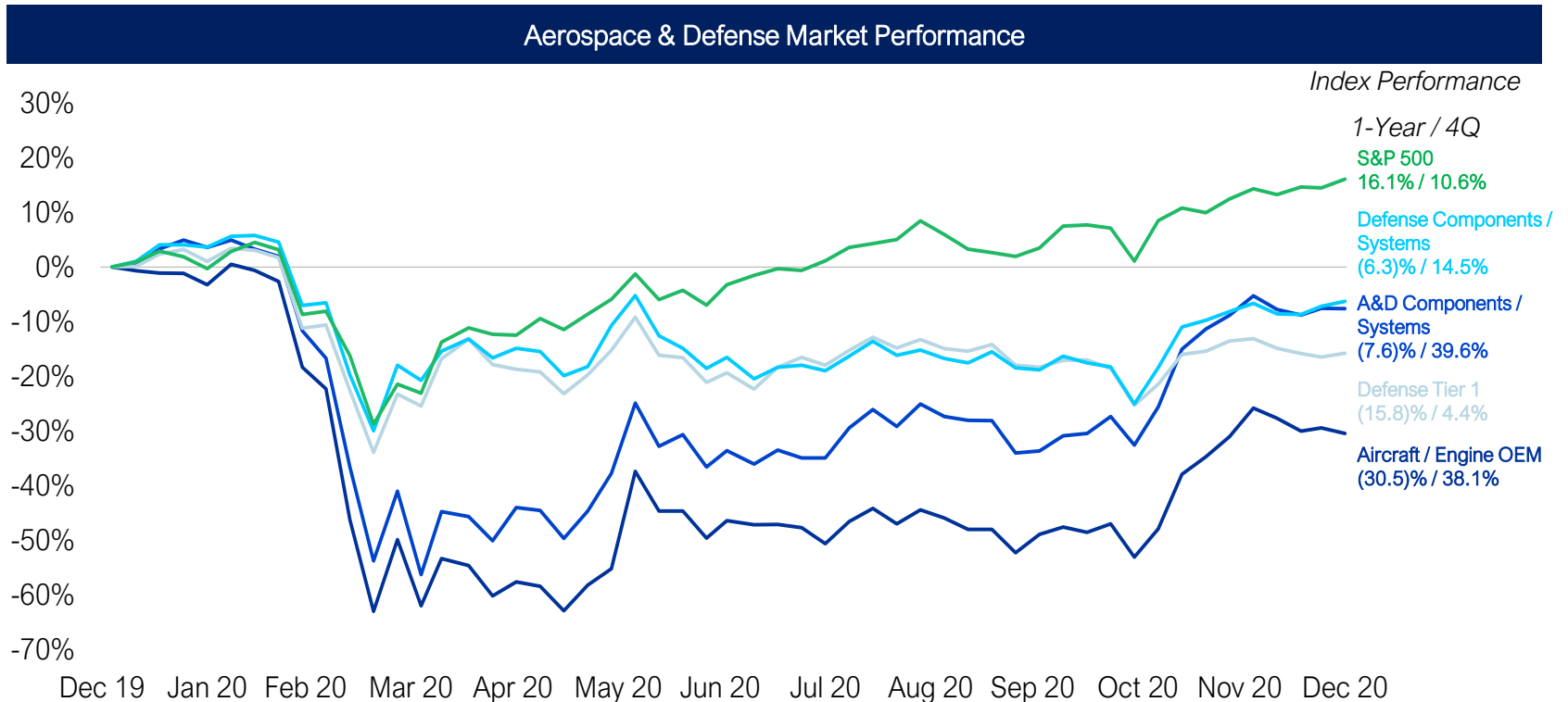


GREENWICH
CAPITAL GROUP

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Public Market Performance

Q4 2020 witnessed strong public market performance across all A&D sectors as well as the S&P 500 as certainty around the election and the promise of multiple vaccines came into view. Compared to the indices tracked in this update, the S&P 500 significantly outperformed all others over the past 12 months. Besides the S&P 500, all other indices were in negative territory, but all four A&D indices had positive Q4 performances with A&D Components / Systems (+39.6%) and Aircraft / Engine OEM (+38.1%) leading the way. Impacts of the pandemic continue to evolve with respect to global demand for air travel while the \$741 billion National Defense Authorization Act (NDAA) for FY21 was enacted on New Year's Day.



Source: S&P Capital IQ

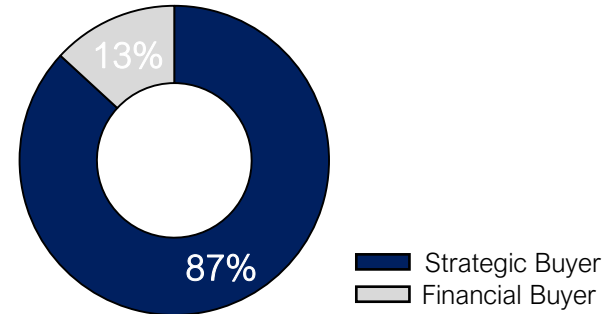
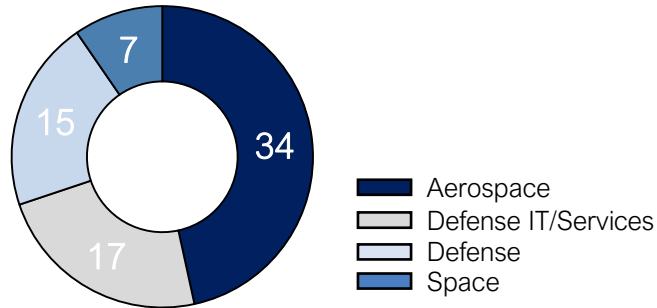
Note: All values based on publicly available data as of 12/31/2020



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M&A Activity

Q4 2020
Transaction Volume:
73



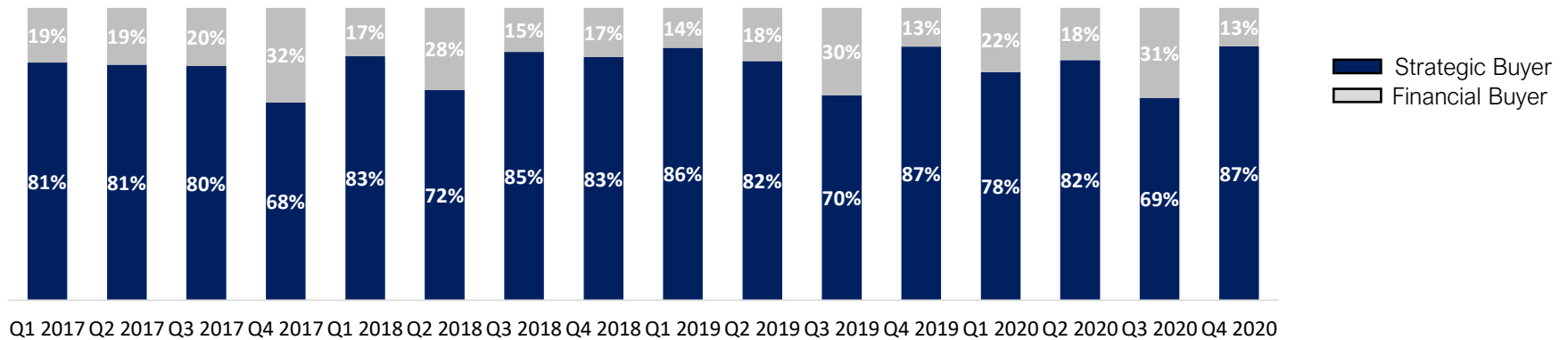
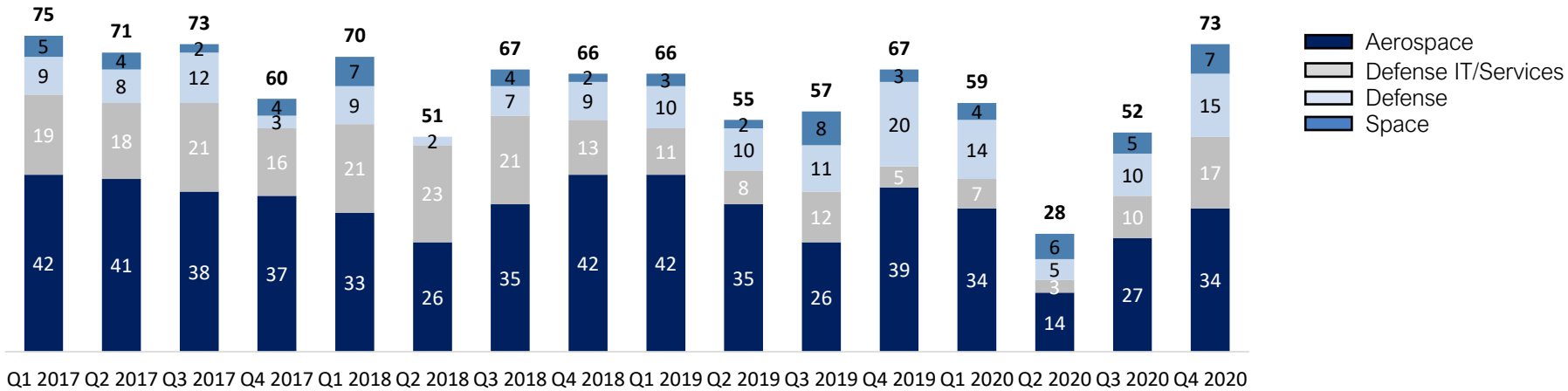
Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
12/28/2020	CTS Engines, LLC	J.F. Lehman and Company, LLC	-	CTS Engines offers its Maintenance, Repair and Overhaul ("MRO") customers outstanding service and value for full overhauls of the GE CF6-80C2, CF6-80A, CF6-50 and PW2000 series engines.
12/23/2020	H&S SWANSON Family Holdings Inc.	ARCH Global Precision LLC (The Jordan Company)	-	Manufactures precision machined parts for the aerospace and defense sectors.
12/23/2020	Sparton Corporation (Cerberus Capital Management)	Elbit Systems of America, LLC (TASE:ESLT)	\$380	Provides design, development and manufacturing services for electromechanical devices; and engineered products in electromechanical value stream worldwide.
12/21/2020	Genesys Aerosystems Group, Inc. (Stephens Capital, Mcnally Capital)	Moog Inc. (NYSE:MOG.A)	\$78	Provides avionics solutions and technology for rotorcraft and fixed wing aircraft.
12/15/2020	Advanced Composite Products and Technology, Inc.	Charger Investment Partners LP	-	Engages in the design, development and manufacture of composite applications for research, commercial, government and private institutions.
12/15/2020	Pratt & Miller Engineering and Fabrication, Inc.	Oshkosh Corporation (NYSE:OSK)	\$115	Operates as an engineering and product development company. The company serves various industries, including motorsports, mobility and defense industry.
12/07/2020	Physical Optics Corporation, Inc.	Mercury Systems, Inc. (NasdaqGS:MRCY)	\$310	Designs, develops and manufactures avionics solutions for both military and commercial aircraft.
12/04/2020	Raydon Corporation	By Light Professional IT Services, Inc. (Sagewind Capital)	-	Develops and manufactures virtual, adaptable integrated military training technology solutions. It specializes in gunnery, maneuver and critical task training.
12/02/2020	Altavian, Inc.	FLIR Systems, Inc. (NasdaqGS:FLIR)	-	Manufactures open-architecture unmanned aerial systems (UAS) for collecting data intelligence in the toughest commercial, civil and defense environments.
10/26/2020	PCI, LLC	AE Industrial Partners, LP	-	Offers leading-edge mission solutions to meet national challenges in defense, homeland security and intelligence.
10/15/2020	Mehler Vario System GmbH	HarbourVest Partners; GCM Grosvenor Inc. (NasdaqGM:GCMG); DPE Deutsche Private Equity; Lexington	-	Develops and manufactures protective vests for the police, military and special forces.
10/12/2020	Seanair Machine Company, Inc.	AE Industrial Partners, LP; Broadtree Partners	-	Engages in the manufacturing of machined parts and assemblies for the aerospace industry. It offers aerospace components, measuring equipment and CNC milling centers.

Source: Capital IQ and GCG research.

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M&A Trends



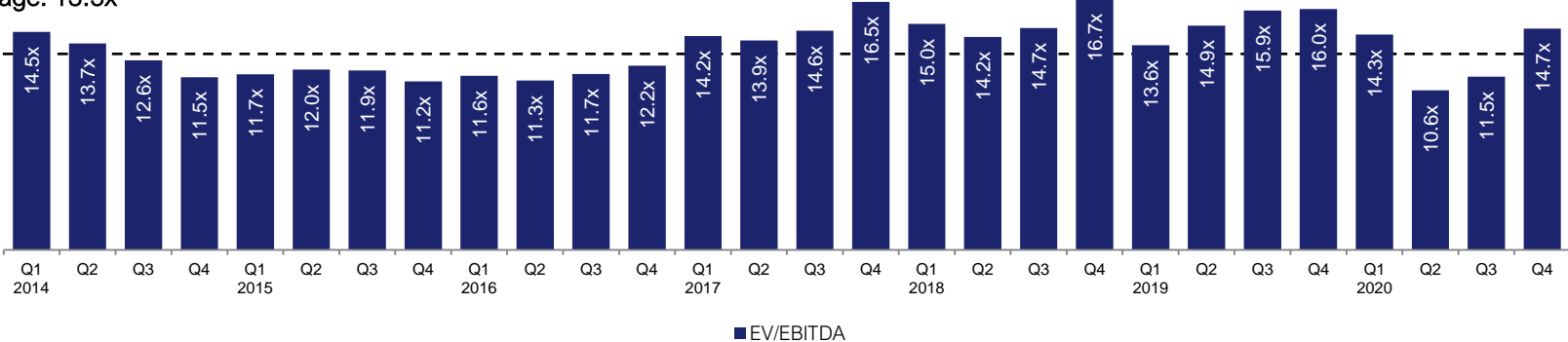
Source: S&P Capital IQ & GCG Research
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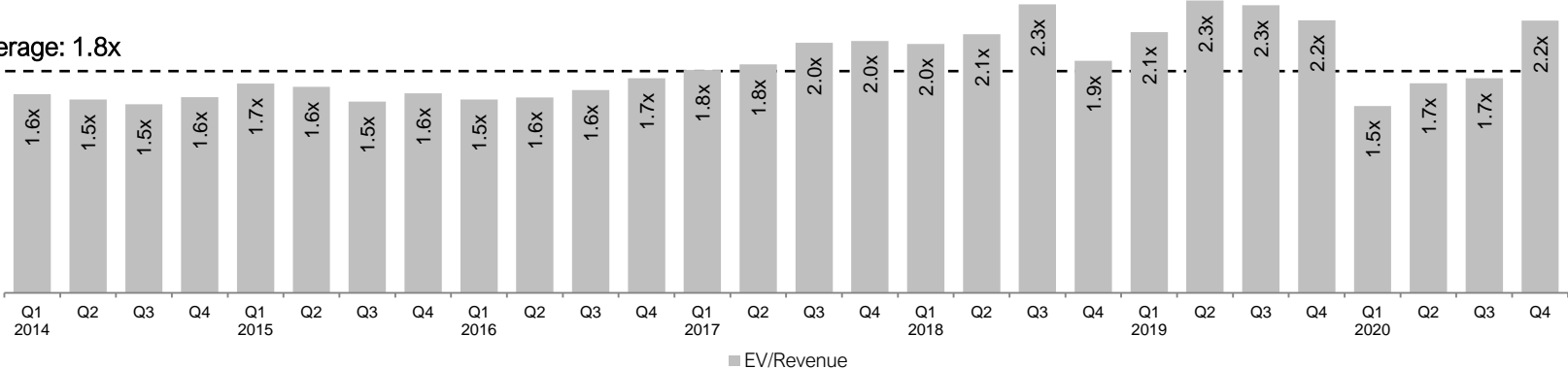
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Public Company Trading Multiples

Average: 13.5x



Average: 1.8x



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 12/31/2020.



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Public Comparable Companies

Company Name	Enterprise	Revenue	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	(\$mils)	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Aircraft/Engine OEM								
The Boeing Company	\$154,954	\$60,765	27.5%	(34.3%)	3.1%	(3.6%)	2.6x	NM
Airbus SE	\$91,926	\$63,963	43.9%	(24.8%)	10.9%	(1.4%)	1.4x	NM
Rolls-Royce Holdings plc	\$18,855	\$17,988	1.0%	(83.2%)	0.3%	(9.6%)	0.9x	NM
Textron Inc.	\$13,541	\$12,019	37.7%	8.4%	13.7%	8.9%	1.1x	12.0x
Bombardier Inc.	\$13,257	\$14,831	47.5%	(74.6%)	8.7%	0.8%	0.9x	NM
MTU Aero Engines AG	\$13,127	\$4,910	53.8%	(8.3%)	15.6%	11.7%	2.6x	17.9x
Dassault Aviation SA	\$4,535	\$7,824	27.8%	(16.2%)	30.0%	10.0%	0.5x	4.1x
Embraer S.A.	\$4,017	\$1,260	48.7%	(65.3%)	13.0%	1.1%	2.9x	NM
Mean	\$31,111	\$22,945	36.0%	(37.3%)	11.9%	2.2%	1.6x	11.3x
Median	\$13,399	\$13,425	40.8%	(29.5%)	12.0%	0.9%	1.3x	12.0x

Source: S&P Capital IQ

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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
A&D Components/Systems								
Safran SA	\$65,197	\$24,580	43.3%	(7.9%)	47.4%	18.5%	2.4x	12.4x
TransDigm Group Incorporated	\$49,532	\$5,103	28.6%	10.5%	52.8%	41.6%	9.7x	23.0x
HEICO Corporation	\$17,303	\$1,787	25.6%	25.6%	38.2%	26.1%	9.7x	35.6x
Woodward, Inc.	\$8,391	\$2,496	50.0%	2.6%	25.7%	17.7%	3.4x	18.1x
Meggitt PLC	\$6,331	\$2,628	86.6%	(26.8%)	33.7%	21.4%	2.2x	9.8x
Spirit AeroSystems Holdings, Inc.	\$5,734	\$4,488	99.2%	(46.4%)	(3.9%)	(3.5%)	1.3x	NM
Hexcel Corporation	\$4,982	\$1,771	37.4%	(33.9%)	20.1%	17.8%	2.8x	15.7x
Triumph Group, Inc.	\$2,300	\$2,375	74.4%	(50.3%)	20.9%	9.1%	1.0x	9.2x
AAR Corp.	\$1,464	\$1,774	89.7%	(19.7%)	12.3%	3.2%	0.8x	17.0x
Ducommun Incorporated	\$920	\$658	58.5%	6.3%	21.7%	12.3%	1.4x	10.8x
Senior plc	\$832	\$1,163	108.5%	(46.8%)	19.5%	8.5%	0.6x	6.7x
Héroux-Devtek Inc.	\$574	\$442	55.6%	(24.7%)	16.7%	13.5%	1.2x	8.3x
Astronics Corporation	\$572	\$586	67.3%	(52.7%)	20.5%	7.1%	1.0x	11.8x
Latécoère S.A.	\$416	\$646	69.3%	(42.6%)	33.7%	(4.4%)	0.6x	NM
Magellan Aerospace Corporation	\$414	\$609	31.6%	(36.3%)	13.5%	12.4%	0.7x	5.2x
Mean	\$10,998	\$3,407	61.7%	(22.9%)	24.9%	13.4%	2.6x	14.1x
Median	\$2,300	\$1,774	58.5%	(26.8%)	20.9%	12.4%	1.3x	11.8x

Source: S&P Capital IQ

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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
Defense Tier 1								
Raytheon Technologies Corporation	\$134,025	\$83,559	24.5%	(52.3%)	22.2%	14.6%	1.6x	10.4x
Lockheed Martin Corporation	\$108,441	\$64,244	(6.8%)	(8.8%)	13.3%	15.1%	1.7x	11.1x
Northrop Grumman Corporation	\$62,802	\$35,308	(2.3%)	(11.4%)	21.2%	12.4%	1.8x	13.1x
General Dynamics Corporation	\$55,931	\$38,217	7.7%	(15.6%)	16.8%	13.5%	1.5x	10.1x
BAE Systems plc	\$26,325	\$23,291	6.6%	(10.8%)	62.5%	10.4%	1.0x	8.4x
Leonardo S.p.a.	\$11,580	\$16,058	26.0%	(38.2%)	36.4%	10.7%	0.7x	5.8x
Huntington Ingalls Industries, Inc.	\$8,625	\$9,016	21.8%	(32.0%)	17.2%	11.3%	1.0x	7.7x
Saab AB (publ)	\$4,163	\$3,742	(1.7%)	(13.1%)	18.2%	6.9%	1.0x	13.6x
Mean	\$51,487	\$34,179	9.5%	(22.8%)	26.0%	11.9%	1.3x	10.0x
Median	\$41,128	\$29,300	7.1%	(14.3%)	19.7%	11.8%	1.2x	10.2x

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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
Defense Components/Systems								
L3Harris Technologies, Inc.	\$46,166	\$24,036	9.5%	(4.5%)	28.2%	18.7%	1.9x	10.3x
Thales S.A.	\$24,537	\$20,214	20.9%	(11.5%)	23.1%	10.0%	1.1x	9.6x
Elbit Systems Ltd.	\$6,922	\$4,606	7.7%	(15.9%)	26.2%	10.8%	1.4x	11.0x
FLIR Systems, Inc.	\$6,261	\$1,888	23.7%	(15.8%)	49.7%	22.8%	3.3x	14.1x
Mercury Systems, Inc.	\$4,759	\$825	15.0%	27.4%	44.9%	18.3%	5.8x	29.6x
Aerojet Rocketdyne Holdings, Inc.	\$3,677	\$2,039	31.8%	15.7%	16.9%	13.2%	1.8x	12.9x
Kratos Defense & Security Solutions, Inc.	\$3,392	\$726	41.4%	52.3%	27.2%	7.9%	4.7x	49.4x
Cubic Corporation	\$2,778	\$1,476	7.8%	(2.4%)	30.9%	11.2%	1.9x	14.9x
Ultra Electronics Holdings plc	\$2,158	\$1,054	7.0%	1.0%	28.9%	15.4%	1.9x	11.2x
AeroVironment, Inc.	\$1,743	\$377	41.2%	40.8%	40.5%	15.0%	4.6x	36.2x
Chemring Group PLC	\$1,168	\$521	27.2%	22.4%	66.2%	18.3%	2.1x	11.3x
Espey Mfg. & Electronics Corp.	\$39	\$33	0.9%	(12.4%)	16.9%	5.8%	1.2x	20.7x
Mean	\$8,633	\$4,816	19.5%	8.1%	33.3%	14.0%	2.6x	19.3x
Median	\$2,098	\$1,265	18.0%	(0.7%)	28.6%	14.1%	1.9x	13.5x
Aerospace & Defense Mean	\$23,132	\$13,160	35.4%	(16.9%)	25.0%	11.2%	2.2x	14.7x
Aerospace & Defense Median	\$4,982	\$2,628	28.6%	(15.6%)	21.2%	11.3%	1.5x	11.5x

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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.



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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.

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