



# INDUSTRY UPDATE

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AEROSPACE & DEFENSE  
Q1 2021



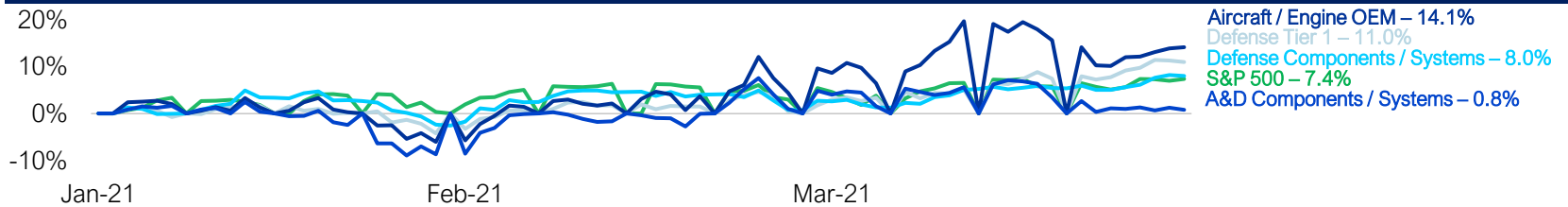
GREENWICH  
CAPITAL GROUP

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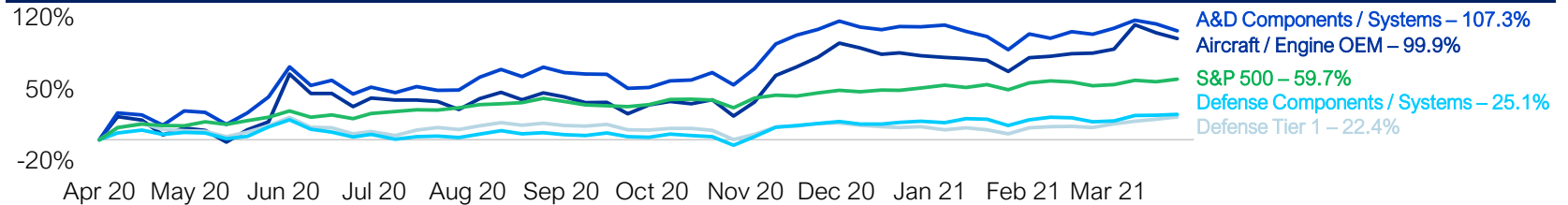
## Public Market Performance

Public markets continued generally positive performance during the first quarter of 2021. The trends are more interesting viewed across longer time horizons. Our one-year chart begins on March 31, 2020, when markets were near a pandemic related low point, with commercial aerospace indices having experienced the sharpest decline compared to the S&P 500 or defense related indices. By March 31, 2021, commercial aerospace indices had experienced the sharpest recovery, but still trail their 3-year highs.

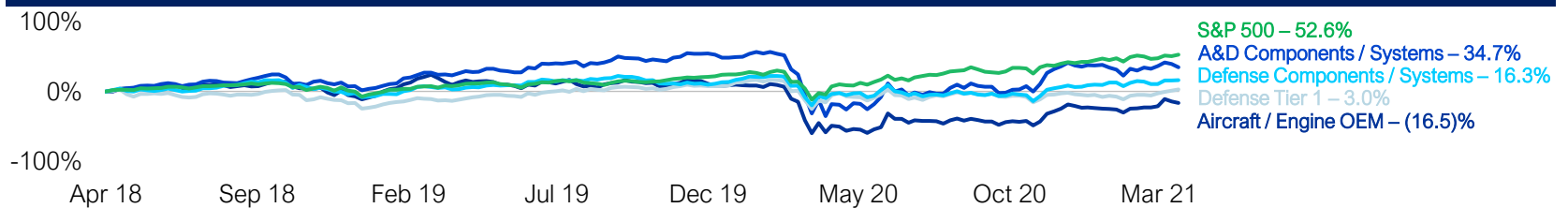
### Aerospace & Defense Market Performance | Q1 2021



### Aerospace & Defense Market Performance | 1 Year



### Aerospace & Defense Market Performance | 3 Years



Source: S&P Capital IQ

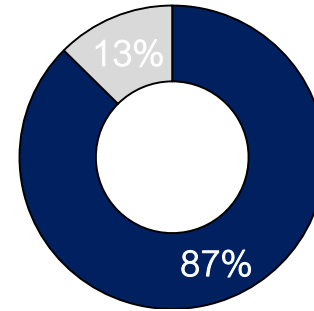
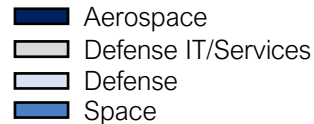
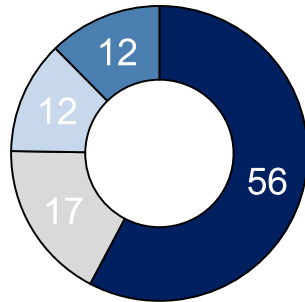
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 3/31/2021



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## M&A Activity

Q1 2021  
Transaction Volume:  
**97**



## Select Transactions:

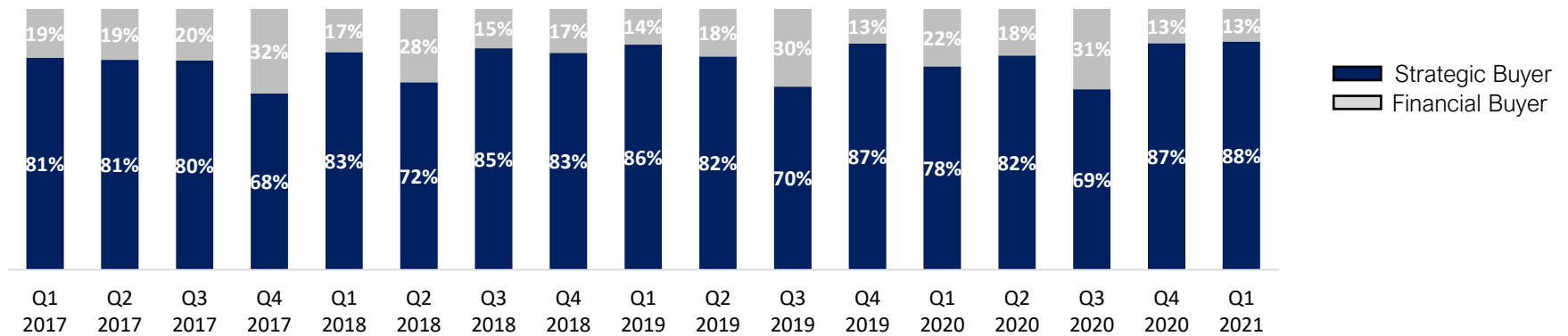
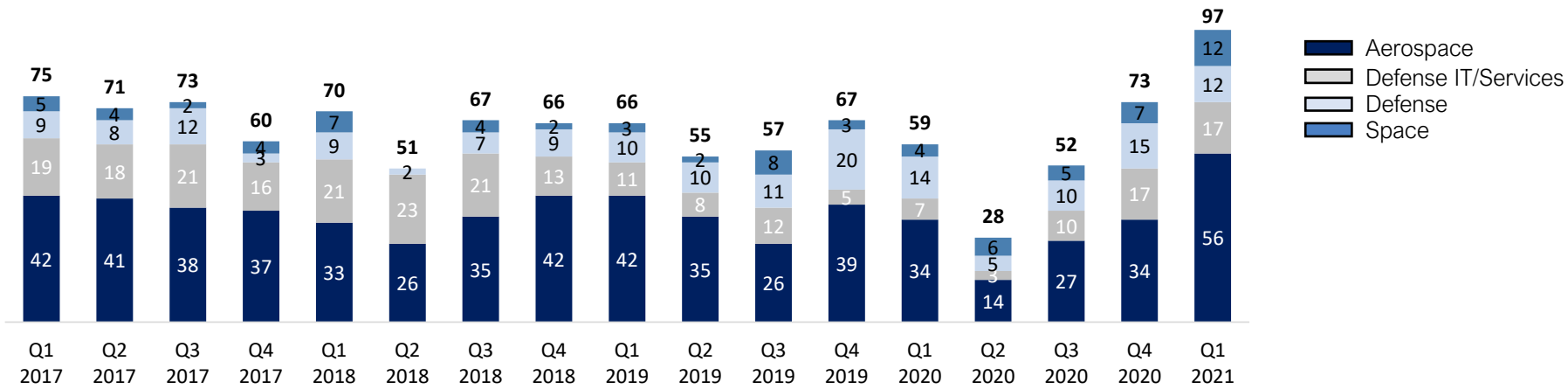
Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
03/31/2021	Enginetics Corporation (Standex International Corp (NYSE:STX))	Enjet Aero, LLC (VantEdge Partners)	\$12	Manufacturer of aircraft engine components serving the commercial and military aerospace segments
03/30/2021	Cascadia Custom Molding	Blue Point Capital Partners, LLC; RITUS Corporation	-	Injection molding company which engages in molding of engineered thermoplastics for the aerospace, medical, electronic and transportation industries
03/09/2021	The Young Engineers, Inc.	Novaria Holdings LLC (KKR)	-	Designs and manufactures precision metallic and non-metallic components and specialty fastening products for the aerospace industry
03/08/2021	Planar Monolithics Industries, Inc.	Quantic (Arcline)	-	Manufactures communication devices for space and military
03/08/2021	Blackbox Biometrics, Inc.	AirBoss Defense Group (AirBoss of America Corp. (TSX:BOS))	\$27	Develops systems that monitor, record, analyze blasts and impact events to protect warfighters, first responders and athletes
03/01/2021	Combat Propulsion Systems and related businesses of L3Harris	Renk Aktiengesellschaft (Triton)	\$400	Military engines and transmissions manufacturing business of L-3 Harris. This business is located in Muskegon, MI
02/24/2021	Intelligent Systems Group (Progeny Systems Corp)	AeroVironment, Inc. (NasdaqGS:AVAV)	\$36	Develops artificial intelligence-enabled computer vision, machine learning and perceptive autonomy software solutions for defense and intelligence community customers
02/16/2021	Stevens Manufacturing Company, Inc. (JH Whitney)	Essex Industries, Inc. (J. Burke Capital Partners)	-	Manufactures products and parts for the aerospace industry. Provides CNC milling/CNC lathe/CNC machining, electric discharge machining and more
02/02/2021	PCI, LLC (AE Industrial Partners)	NuWave Solutions, LLC (AE Industrial Partners)	-	Offers cybersecurity and CNO, cloud engineering and IT infrastructure, data analytics, and system engineering solutions to meet challenges in defense, homeland security and intelligence
01/12/2021	Safe Flight Instrument Corporation	Loar Group, Inc. (Abrams Capital)	-	Manufactures aviation safety and flight performance systems
01/06/2021	Sigma Defense Systems LLC	Sagewind Capital LLC	-	Provides systems engineering, program management, systems integration, test and evaluation support to the Department of Defense and the Intelligence Community
01/04/2021	Systems Engineering Group, Inc. (Telephonics Corp)	QuantiTech LLC (Sagewind Capital)	-	Provides systems engineering and analysis services for the defense industry

Source: Capital IQ and GCG research



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## M&A Trends



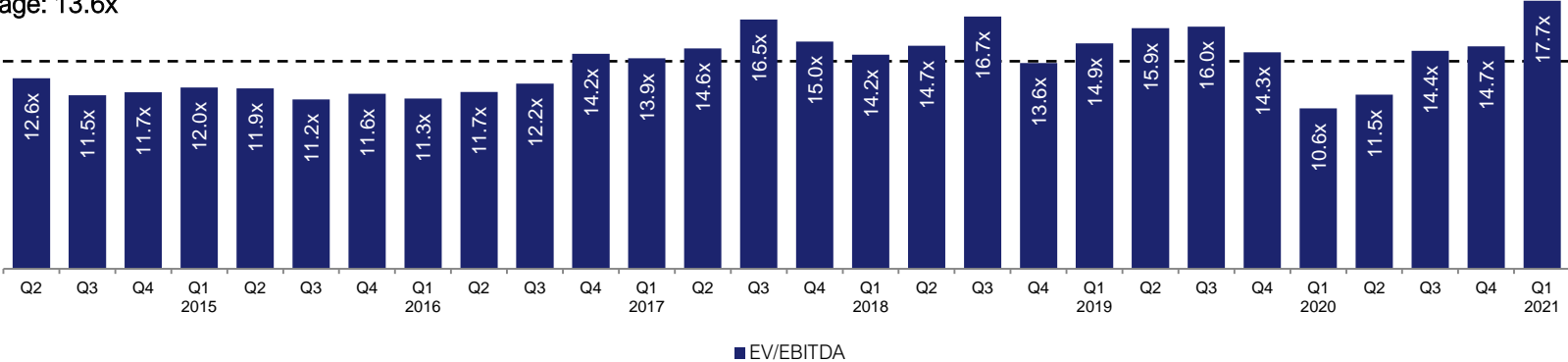
Source: S&P Capital IQ & GCG Research  
 Note: All values based on publicly available data as of 3/31/2021



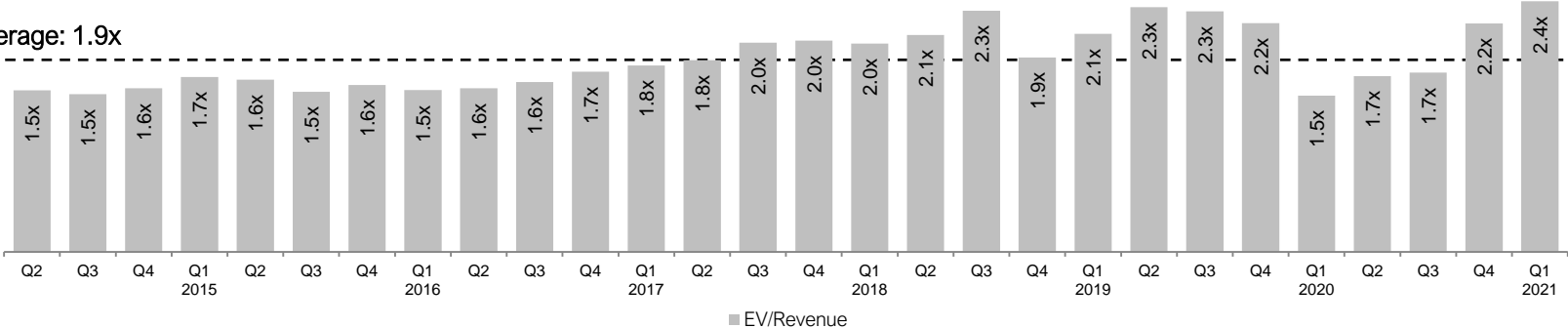
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## Public Company Trading Multiples

Average: 13.6x



Average: 1.9x



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 3/31/2021



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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
<b>Aircraft/Engine OEM</b>								
The Boeing Company	\$187,224	\$58,158	18.2%	93.5%	(2.9%)	(11.0%)	3.2x	NM
Airbus SE	\$92,930	\$61,054	7.7%	107.0%	13.2%	7.9%	1.6x	18.6x
Rolls-Royce Holdings plc	\$18,072	\$16,143	(1.0%)	(60.2%)	(1.8%)	(10.0%)	1.1x	NM
Textron Inc.	\$15,518	\$11,651	18.0%	129.4%	13.7%	8.8%	1.3x	14.4x
MTU Aero Engines AG	\$14,002	\$4,865	(6.4%)	86.1%	15.6%	11.3%	3.0x	21.2x
Bombardier Inc.	\$13,396	\$6,487	104.7%	155.0%	8.0%	(1.4%)	2.0x	NM
Dassault Aviation SA	\$5,541	\$6,726	3.4%	42.6%	27.8%	7.1%	0.9x	8.3x
Embraer S.A.	\$3,574	\$3,782	43.6%	35.8%	12.3%	(2.6%)	1.0x	NM
Mean	\$32,445	\$21,108	23.5%	73.7%	10.7%	1.2%	1.8x	15.6x
Median	\$14,760	\$9,189	12.9%	89.8%	12.7%	2.8%	1.5x	16.5x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



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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
<b>A&amp;D Components/Systems</b>								
Safran SA	\$64,278	\$20,526	(0.6%)	92.3%	46.9%	16.4%	3.3x	18.8x
TransDigm Group Incorporated	\$48,601	\$4,746	(2.4%)	121.5%	51.5%	39.8%	10.2x	25.4x
HEICO Corporation	\$16,863	\$1,699	(3.3%)	(3.3%)	37.8%	25.7%	9.9x	38.6x
Woodward, Inc.	\$8,414	\$2,313	1.3%	127.9%	25.5%	17.5%	3.6x	19.8x
Spirit AeroSystems Holdings, Inc.	\$7,303	\$3,405	26.9%	152.9%	(12.0%)	(9.9%)	2.1x	NM
Meggitt PLC	\$6,348	\$2,299	6.3%	122.8%	31.0%	16.1%	2.7x	16.0x
Hexcel Corporation	\$5,611	\$1,502	16.2%	67.7%	16.0%	14.2%	3.7x	24.7x
Triumph Group, Inc.	\$2,627	\$2,096	48.1%	260.5%	21.3%	7.8%	1.3x	13.2x
AAR Corp.	\$1,639	\$1,631	16.3%	155.4%	12.4%	3.0%	1.0x	20.5x
Ducommun Incorporated	\$1,017	\$629	15.9%	169.9%	21.9%	12.2%	1.6x	12.6x
Senior plc	\$929	\$1,002	27.1%	88.5%	14.4%	(17.4%)	0.9x	NM
Astronics Corporation	\$720	\$503	37.9%	146.2%	18.8%	4.1%	1.4x	26.0x
Héroux-Devtek Inc.	\$641	\$457	21.9%	91.6%	17.1%	13.7%	1.4x	9.1x
Magellan Aerospace Corporation	\$487	\$584	21.5%	97.5%	10.5%	9.1%	0.8x	8.4x
Latécoère S.A.	\$412	\$506	(10.6%)	1.1%	30.4%	2.6%	0.8x	32.9x
Mean	\$11,059	\$2,927	14.8%	112.8%	22.9%	10.3%	3.0x	20.5x
Median	\$2,627	\$1,631	16.2%	121.5%	21.3%	12.2%	1.6x	19.8x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



# 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>								
Raytheon Technologies Corporation	\$143,436	\$56,587	8.1%	(15.4%)	15.9%	11.7%	2.5x	20.1x
Lockheed Martin Corporation	\$113,555	\$65,398	4.5%	9.6%	13.3%	15.3%	1.7x	10.9x
Northrop Grumman Corporation	\$65,029	\$36,799	5.7%	5.0%	20.3%	14.9%	1.8x	11.0x
General Dynamics Corporation	\$63,585	\$37,925	21.5%	41.9%	16.7%	13.4%	1.7x	11.6x
BAE Systems plc	\$28,808	\$26,319	5.6%	16.8%	64.4%	11.0%	1.1x	8.6x
Huntington Ingalls Industries, Inc.	\$9,598	\$9,361	19.8%	18.0%	17.8%	12.1%	1.0x	7.8x
Leonardo S.p.a.	\$8,901	\$16,404	14.4%	28.9%	11.4%	11.6%	0.6x	4.6x
Saab AB (publ)	\$3,636	\$4,314	(5.3%)	48.5%	17.3%	5.1%	0.9x	15.3x
Mean	\$54,568	\$31,638	9.3%	19.2%	22.1%	11.9%	1.4x	11.2x
Median	\$46,196	\$31,559	6.9%	17.4%	17.0%	11.9%	1.4x	10.9x

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.	\$48,466	\$18,194	7.7%	14.9%	29.3%	19.7%	2.7x	12.9x
Thales S.A.	\$25,158	\$20,782	12.2%	27.9%	23.2%	10.9%	1.3x	10.0x
FLIR Systems, Inc.	\$7,931	\$1,924	29.8%	85.4%	49.2%	23.5%	4.1x	17.0x
Elbit Systems Ltd.	\$7,258	\$4,663	9.2%	16.2%	26.3%	10.4%	1.6x	13.0x
Mercury Systems, Inc.	\$4,201	\$842	(17.8%)	6.1%	44.4%	18.2%	5.0x	25.7x
Kratos Defense & Security Solutions, Inc.	\$3,515	\$748	3.1%	110.5%	27.2%	7.5%	4.7x	51.7x
Cubic Corporation	\$3,244	\$1,466	20.2%	94.0%	32.4%	12.6%	2.2x	15.7x
Aerojet Rocketdyne Holdings, Inc.	\$3,237	\$2,073	(10.7%)	16.9%	17.9%	13.4%	1.6x	11.0x
AeroVironment, Inc.	\$2,561	\$394	37.3%	119.3%	40.1%	14.6%	6.5x	51.4x
Ultra Electronics Holdings plc	\$2,165	\$1,174	1.6%	12.5%	29.2%	15.3%	1.8x	11.2x
Chemring Group PLC	\$1,095	\$521	(6.7%)	54.7%	66.2%	18.3%	2.0x	10.5x
Espey Mfg. & Electronics Corp.	\$26	\$33	(16.5%)	(13.0%)	14.7%	4.4%	0.8x	18.1x
Mean	\$9,071	\$4,401	5.8%	45.5%	33.3%	14.1%	2.9x	20.7x
Median	\$2,363	\$1,320	5.4%	22.4%	29.3%	14.0%	2.1x	14.4x
<b>Aerospace &amp; Defense Mean</b>	<b>\$24,687</b>	<b>\$12,062</b>	<b>12.9%</b>	<b>69.3%</b>	<b>23.4%</b>	<b>10.0%</b>	<b>2.4x</b>	<b>18.0x</b>
<b>Aerospace &amp; Defense Median</b>	<b>\$5,611</b>	<b>\$3,405</b>	<b>8.1%</b>	<b>67.7%</b>	<b>18.8%</b>	<b>11.6%</b>	<b>1.7x</b>	<b>15.3x</b>

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



# 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).



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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](mailto:info@greenwichgp.com).

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