



INDUSTRY UPDATE

AEROSPACE & DEFENSE
Q3 2021



GREENWICH
CAPITAL GROUP

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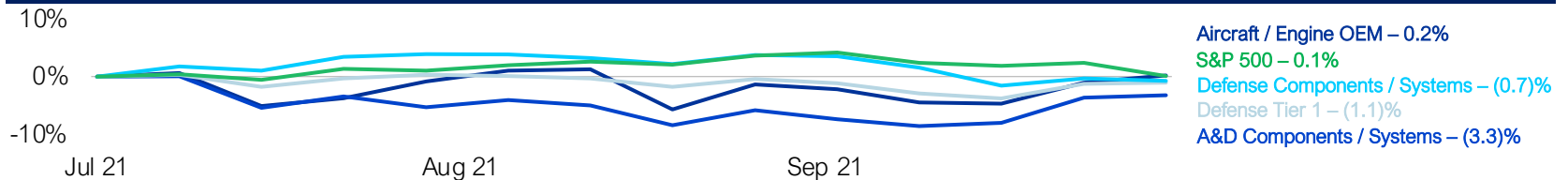
Market Commentary

Boeing released its long-term commercial market outlook (2021-2040) during the third quarter. Highlights of the outlook include:

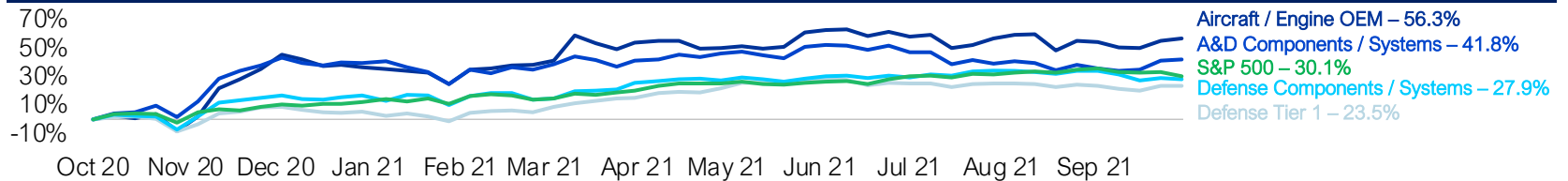
- Long term, market fundamentals and resilience driving demand through 2040 for more than 43,500 new airplanes valued at \$7.2T
- Long-haul travel returning to pre-pandemic levels by 2023 to 2024
- The global commercial fleet surpassing 49,000 airplanes by 2040

U.S. defense spending will begin FY2022 under a continuing budget resolution (funding at last-year's levels), based on a bill signed on September 30 which will fund the government through December 3.

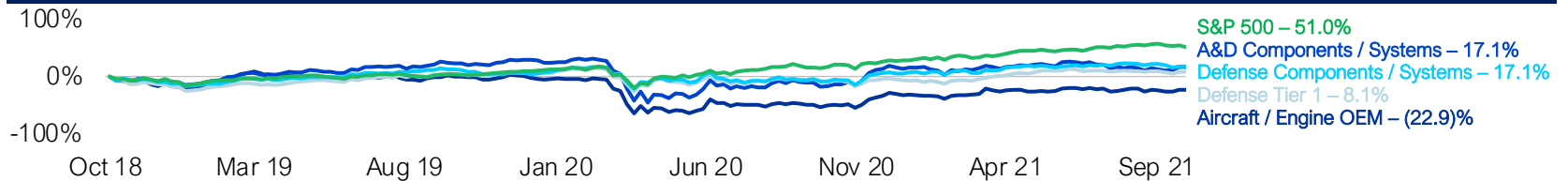
Aerospace & Defense Market Performance | Q3 2021



Aerospace & Defense Market Performance | 1 Year



Aerospace & Defense Market Performance | 3 Years



Source: S&P Capital IQ

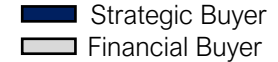
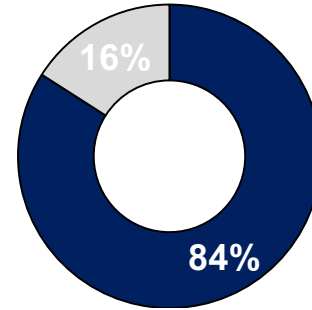
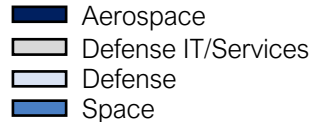
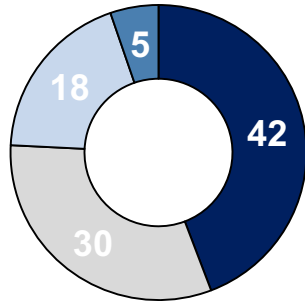
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 9/30/2021



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M&A Activity

Q3 2021
Transaction Volume:
95



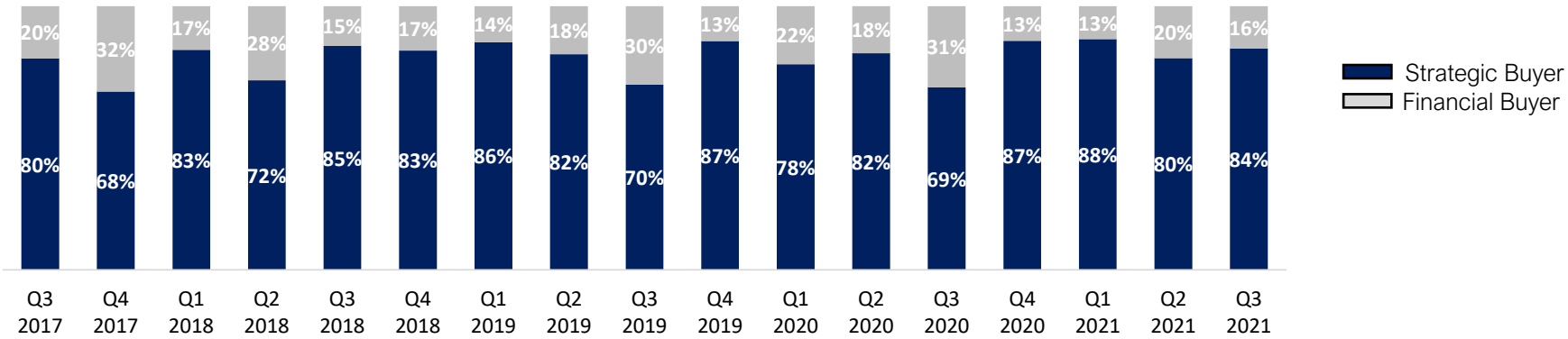
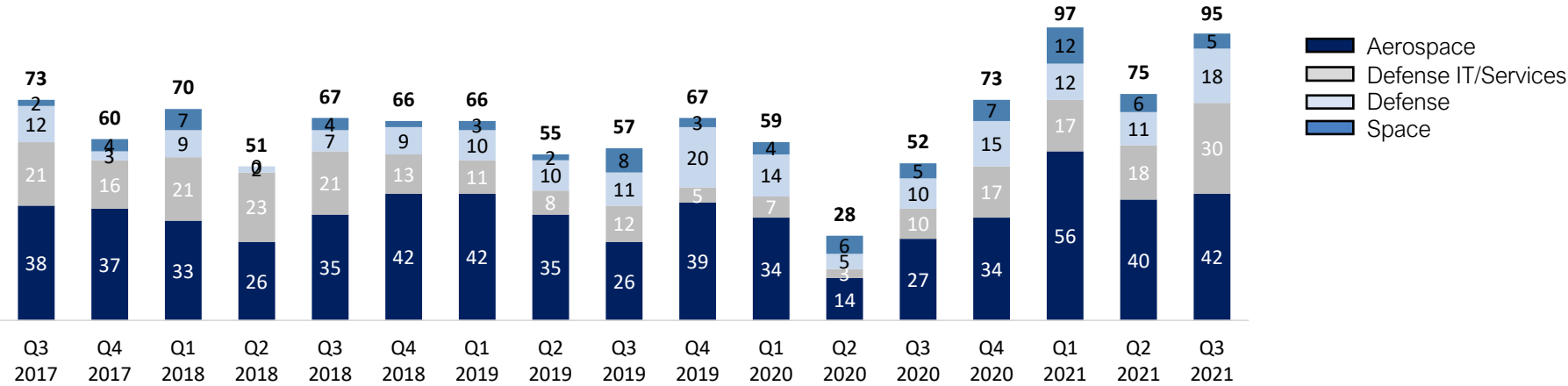
Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
09/29/2021	RH Laboratories, Inc.	Electronic Technologies Group, Inc. (HEICO)	-	Designs and produces state-of-the-art RF and microwave components and sub assemblies for military systems operating in harsh environments
09/27/2021	Summit Interconnect, Inc. (HCI Equity Partners)	Lindsay Goldberg LLC	-	Designs and manufactures printed circuit boards (PCBs) for aerospace, defense, space, medical, networking and telecom, and semiconductor markets
09/23/2021	Systema Technologies, Inc.	Karman Missile & Space Systems (Trive Capital)	-	Manufactures components and integrated systems for defense, space, and commercial markets
09/14/2021	Jennings Aeronautics, Inc.	UAVFACTORY LTD. (AE Industrial)	-	Designs, develops, and manufactures Small Unmanned Aerial Systems (SUAS)
09/13/2021	Systems 3	Cassavant Machining Inc (Gallant Capital)	-	Manufacturer and supplier of flight critical components to the aerospace and defense industries
09/03/2021	Madison Aerospace, Inc.	Aircraft Fasteners International, LLC (Audax)	-	Operates as an aerospace hardware distributor
09/01/2021	Major Tool & Machine, Inc.	Precinmac Precision Machining (Compass, Bain, Pine Island)	-	Manufactures hardware for aerospace, defense, power generation, commercial industrial, and nuclear markets
09/01/2021	Inovar, Inc.	Spartronics, LLC (OEP Capital)	-	Provides electronic manufacturing service (EMS) and supply chain solutions to military, aerospace, medical, communications, and industrial markets
08/17/2021	BEI Precision Systems & Space Company, Inc. (JF Lehman)	Quantic (Arcline Investment Mgmt.)	-	Engages in designing, manufacturing and testing optical encoders, motion control components, and sub-systems for space, military, and other applications
08/12/2021	IEC Electronics Corp. (NasdaqGM:IEC)	Creation Technologies International Inc.	\$242	Provides electronic manufacturing services for aerospace and defense systems, medical devices, industrial equipment, and transportation products
08/10/2021	Forrest Machining, Inc.	DVSM, LLC (Endeavor Capital)	-	Designs and manufactures aerospace structures and assemblies
08/10/2021	Seal Science, Inc.	Integrated Polymer Solutions Group (Arcline Investment Mgmt.)	-	Designs and manufactures elastomeric, PTFE, and thermoplastic components for sealing applications
08/03/2021	Integral Aerospace, LLC (Admiralty Partners)	PCX Aerostructures, LLC (Greenbriar Equity)	-	Manufactures flight subsystems and components for military and commercial aircraft
08/02/2021	Meggitt PLC (LSE:MGGT)	Parker-Hannifin Corporation (NYSE:PH)	\$10,105	Designs and manufactures components and sub-systems
07/23/2021	B&E Manufacturing Company, Inc.	LISI AEROSPACE SAS	-	Manufactures hydraulic tube fittings, nuts and equipment for the aerospace, commercial, and military industries

Source: Capital IQ and GCG research

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M&A Trends



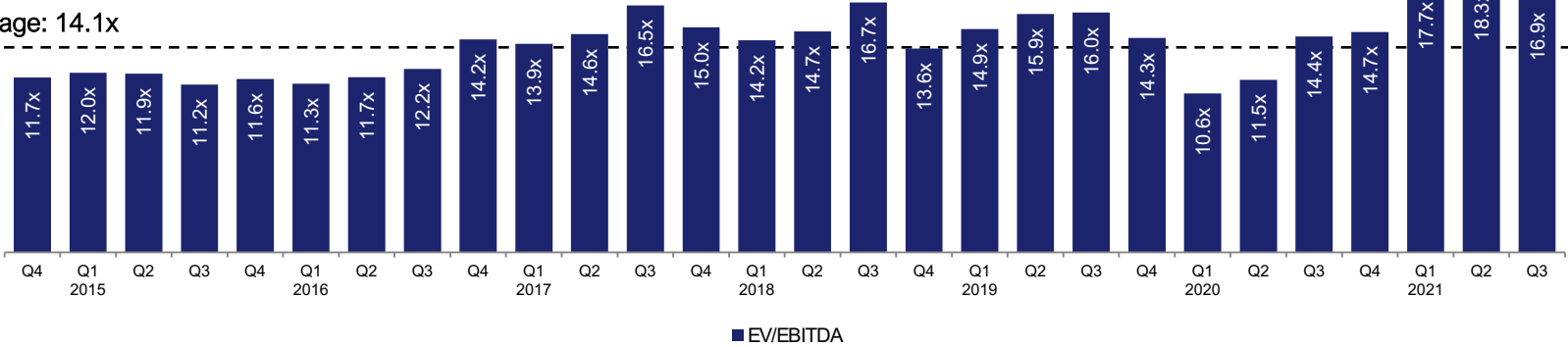
Source: S&P Capital IQ & GCG Research
 Note: All values based on publicly available data as of 9/30/2021



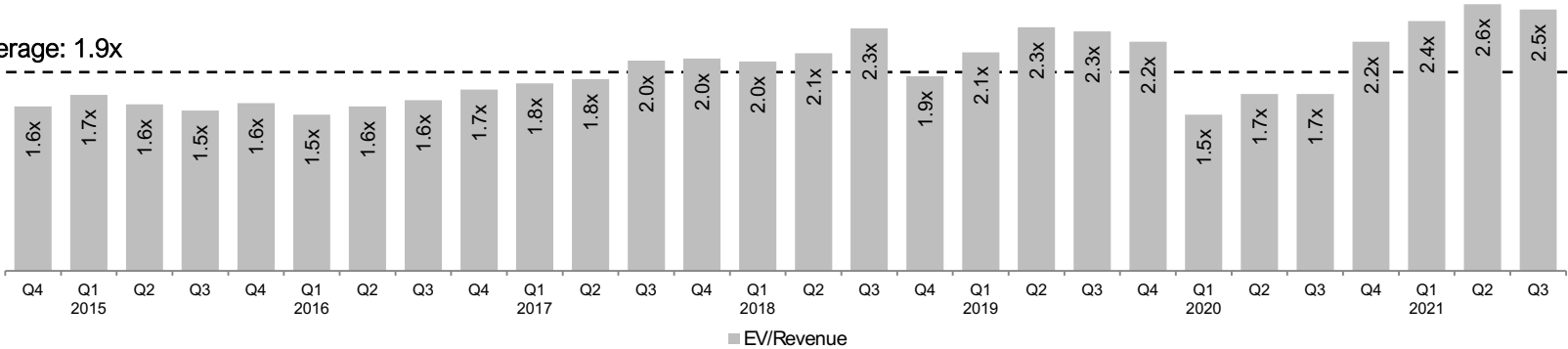
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Public Company Trading Multiples

Average: 14.1x



Average: 1.9x



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 9/30/2021



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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
Aircraft/Engine OEM								
The Boeing Company	\$174,884	\$61,658	(5.7%)	34.6%	4.0%	(2.9%)	2.8x	NM
Airbus SE	\$104,077	\$65,925	3.8%	77.3%	18.7%	13.9%	1.6x	11.2x
Rolls-Royce Holdings plc	\$23,110	\$15,620	39.3%	28.5%	10.6%	(2.2%)	1.5x	NM
Textron Inc.	\$18,148	\$12,472	2.9%	102.3%	15.5%	10.4%	1.5x	13.4x
MTU Aero Engines AG	\$13,120	\$4,662	(7.8%)	35.4%	15.1%	10.8%	2.9x	21.2x
Bombardier Inc.	\$9,691	\$6,607	85.1%	582.0%	9.9%	0.7%	1.5x	NM
Embraer S.A.	\$5,244	\$4,840	21.4%	293.9%	12.3%	2.6%	1.2x	NM
Dassault Aviation SA	\$5,145	\$7,058	(8.4%)	26.8%	28.2%	8.5%	0.7x	5.7x
Mean	\$33,266	\$22,355	16.3%	147.6%	14.3%	5.2%	1.7x	12.9x
Median	\$15,634	\$9,765	3.3%	56.4%	13.7%	5.6%	1.5x	12.3x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2021



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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
A&D Components/Systems								
Safran SA	\$58,682	\$17,376	(8.5%)	30.4%	47.4%	15.0%	3.5x	21.5x
TransDigm Group Incorporated	\$51,878	\$4,692	(0.9%)	35.6%	50.8%	39.2%	11.1x	27.8x
HEICO Corporation	\$17,599	\$1,782	(3.7%)	(3.7%)	38.4%	25.8%	9.9x	38.2x
Meggitt PLC	\$8,961	\$1,999	56.2%	194.7%	30.7%	(4.8%)	4.6x	NM
Woodward, Inc.	\$7,881	\$2,207	(4.6%)	45.2%	24.5%	16.8%	3.6x	20.0x
Spirit AeroSystems Holdings, Inc.	\$7,253	\$3,586	(3.8%)	133.7%	(5.6%)	(2.5%)	2.0x	NM
Hexcel Corporation	\$5,897	\$1,213	(1.4%)	72.4%	13.1%	11.1%	4.9x	40.0x
Triumph Group, Inc.	\$2,727	\$1,771	0.9%	191.0%	23.6%	12.8%	1.5x	12.0x
AAR Corp.	\$1,317	\$1,707	(13.7%)	76.3%	12.0%	2.6%	0.8x	20.5x
Senior plc	\$1,133	\$908	1.4%	284.3%	16.1%	(20.5%)	1.3x	NM
Ducommun Incorporated	\$921	\$626	(7.1%)	51.5%	22.1%	12.1%	1.5x	11.6x
Héroux-Devtek Inc.	\$623	\$459	(2.3%)	97.2%	16.9%	13.7%	1.4x	NM
Astronics Corporation	\$620	\$438	(17.3%)	87.6%	13.9%	(1.2%)	1.4x	NM
Latécoère S.A.	\$600	\$427	(71.9%)	(57.9%)	28.5%	(19.9%)	1.4x	NM
Magellan Aerospace Corporation	\$494	\$555	(3.5%)	55.1%	6.8%	5.8%	0.9x	13.8x
Mean	\$11,106	\$2,650	(5.3%)	86.2%	22.6%	7.1%	3.3x	22.8x
Median	\$2,727	\$1,707	(3.7%)	72.4%	22.1%	11.1%	1.5x	20.5x

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	\$157,779	\$62,297	1.5%	52.2%	16.6%	14.7%	2.5x	16.2x
Lockheed Martin Corporation	\$105,746	\$66,814	(8.5%)	(8.7%)	13.1%	15.3%	1.6x	10.0x
General Dynamics Corporation	\$68,006	\$38,521	5.4%	43.4%	16.8%	13.7%	1.8x	12.1x
Northrop Grumman Corporation	\$67,584	\$37,603	(1.8%)	15.7%	20.5%	14.8%	1.8x	11.2x
BAE Systems plc	\$29,951	\$26,843	5.6%	22.0%	64.6%	12.7%	1.1x	7.9x
Leonardo S.p.a.	\$10,254	\$16,454	0.4%	44.7%	11.5%	11.9%	0.6x	4.8x
Huntington Ingalls Industries, Inc.	\$9,306	\$9,580	(8.5%)	38.7%	17.2%	12.2%	1.0x	7.3x
Saab AB (publ)	\$3,505	\$4,416	7.8%	(3.4%)	17.1%	5.2%	0.8x	13.8x
Mean	\$56,516	\$32,816	0.2%	25.6%	22.2%	12.6%	1.4x	10.4x
Median	\$48,767	\$32,223	0.9%	30.4%	16.9%	13.2%	1.4x	10.6x

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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.	\$49,934	\$18,358	0.4%	27.1%	29.9%	19.9%	2.7x	13.0x
Teledyne Technologies Incorporated	\$24,581	\$3,485	3.7%	42.0%	40.5%	23.2%	7.1x	29.2x
Thales S.A.	\$24,130	\$20,940	(4.1%)	30.2%	24.8%	12.1%	1.2x	8.4x
Elbit Systems Ltd.	\$7,765	\$4,933	13.4%	19.5%	25.9%	10.6%	1.6x	12.2x
Aerojet Rocketdyne Holdings, Inc.	\$3,308	\$2,137	(12.0%)	6.1%	17.9%	13.1%	1.5x	11.1x
Ultra Electronics Holdings plc	\$3,205	\$1,174	38.0%	65.2%	30.3%	16.7%	2.8x	15.7x
Mercury Systems, Inc.	\$2,898	\$924	(28.4%)	(37.3%)	42.5%	18.5%	3.1x	15.9x
Kratos Defense & Security Solutions, Inc.	\$2,827	\$808	(21.2%)	16.3%	26.5%	7.0%	3.5x	41.2x
AeroVironment, Inc.	\$2,258	\$408	(13.4%)	41.5%	38.6%	14.3%	5.5x	41.4x
Chemring Group PLC	\$1,243	\$566	5.5%	37.3%	66.8%	19.1%	2.2x	11.5x
Espey Mfg. & Electronics Corp.	\$29	\$28	(2.2%)	(22.4%)	12.1%	0.3%	1.1x	NM
Mean	\$11,107	\$4,887	(1.8%)	20.5%	32.3%	14.1%	2.9x	20.0x
Median	\$2,863	\$1,174	(2.2%)	27.1%	29.9%	14.3%	2.7x	14.4x
Aerospace & Defense Mean	\$26,055	\$12,735	0.8%	69.2%	23.5%	9.6%	2.5x	17.4x
Aerospace & Defense Median	\$6,607	\$4,001	(2.0%)	40.1%	18.3%	12.1%	1.6x	13.4x

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.



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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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