

A photograph of an aircraft cockpit window showing a view of the Earth from above. The window is oval-shaped and framed by a dark blue border. The view outside shows a landscape with green fields and brown patches, likely a rural or agricultural area. The background of the slide is a dark blue gradient.

# INDUSTRY UPDATE

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AEROSPACE & DEFENSE  
Q4 2021



GREENWICH  
CAPITAL GROUP

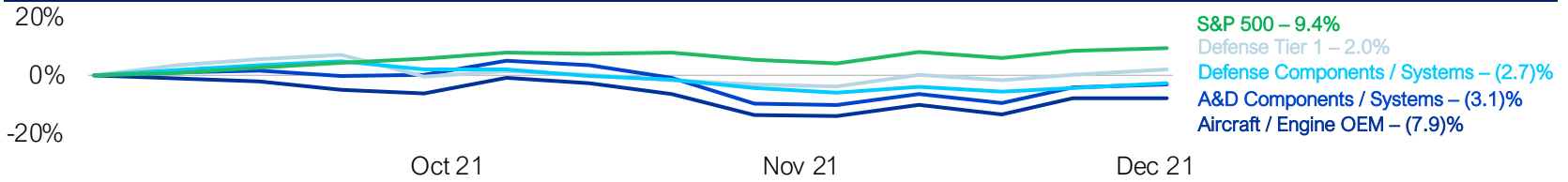
# GCG INDUSTRY UPDATE | Aerospace & Defense

## Market Commentary

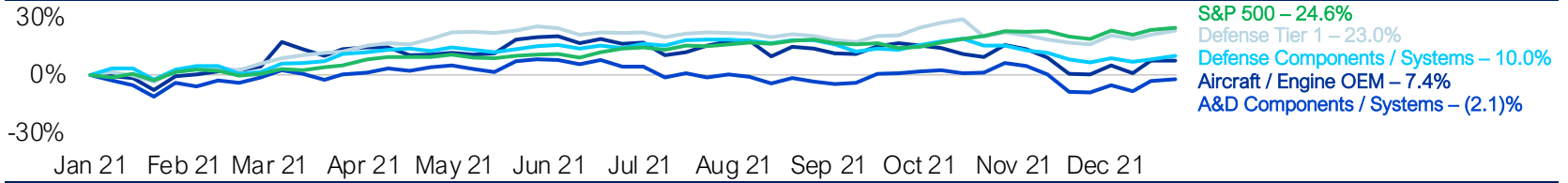
The 737 MAX was recertified by the Civil Aviation Administration of China (CAAC) allowing for a return to service in the country. Boeing is currently producing the 737 MAX at a rate of 26 aircraft per month and continues to expect a previously stated target of 31 per month. Boeing reported an inventory on the aircraft of approximately 335 at the end of the fourth quarter.

The \$768 Billion 2022 National Defense Authorization Act (NDAA) was passed in Congress and signed by President Biden, however the NDAA does not authorize funding until Congress passes a wider appropriations bill for FY2022. A continuing resolution remains in effect for fiscal 2022 with a current expiration date of February 18th.

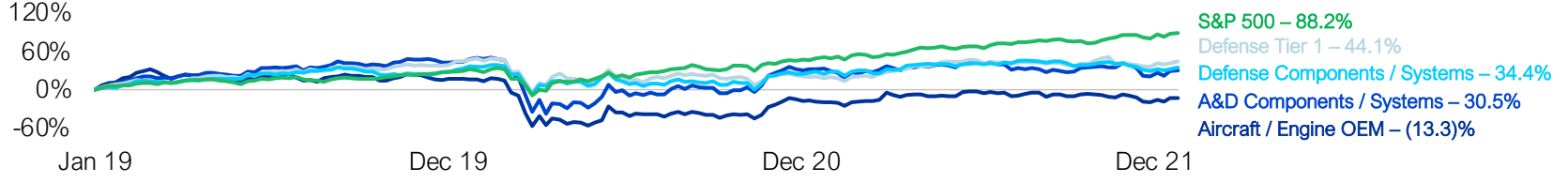
### Aerospace & Defense Market Performance | Q4 2021



### Aerospace & Defense Market Performance | 1 Year



### Aerospace & Defense Market Performance | 3 Years



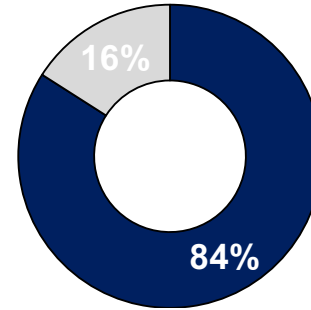
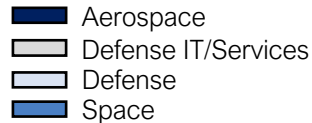
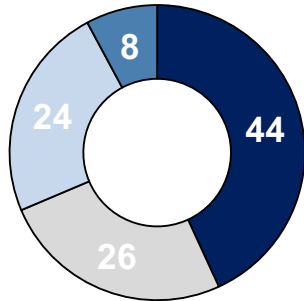
Source: S&P Capital IQ  
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 12/31/2021



# GCG INDUSTRY UPDATE | Aerospace & Defense

## M&A Activity

Q4 2021  
Transaction Volume:  
**102**



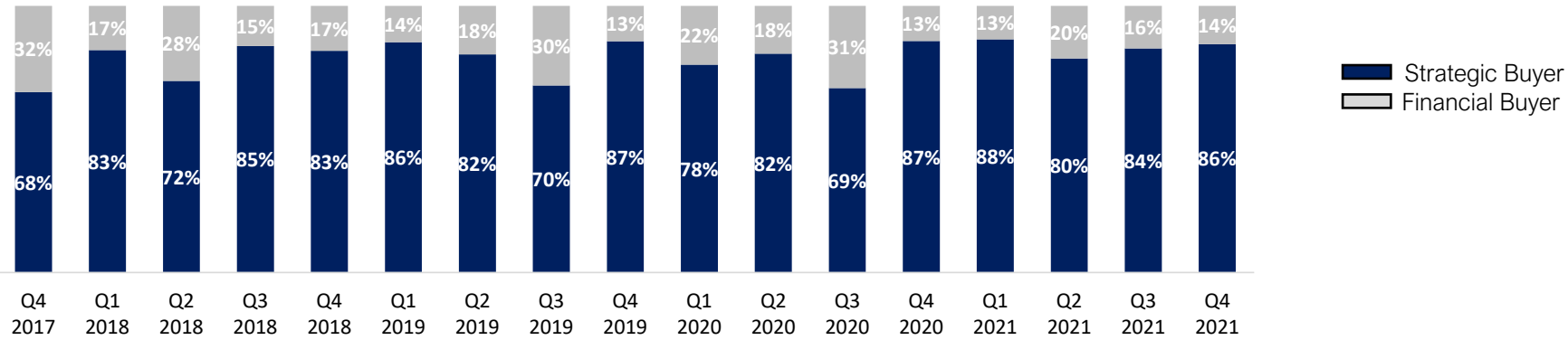
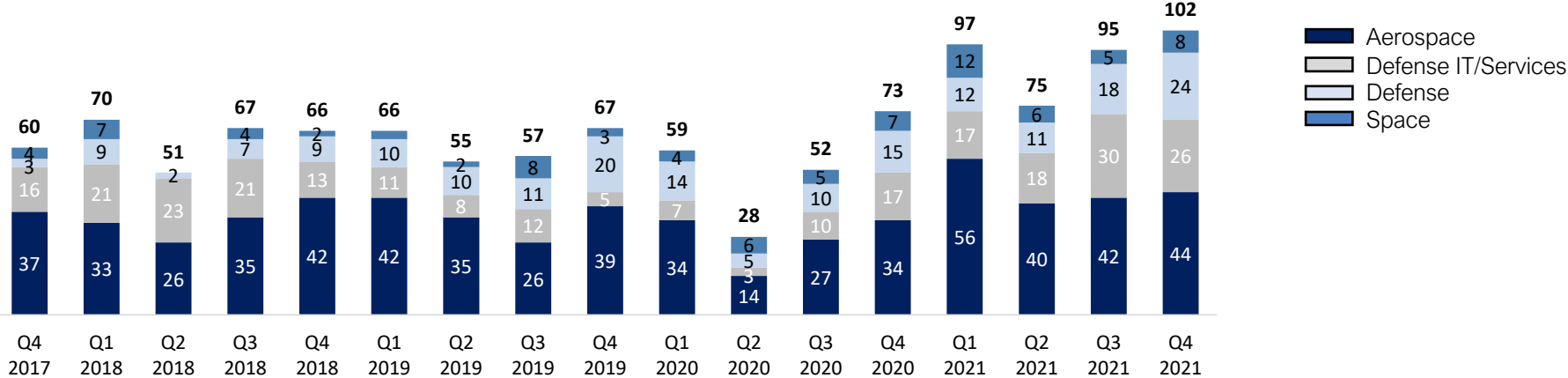
## Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
12/20/2021	Advance Circuit Technology	The Arotech Corporation (Greenbriar Equity)	-	Mission-critical printed circuit board and microelectronic assemblies technologies
12/15/2021	GK Mechanical Systems, LLC	Novaria Holdings LLC (KKR)	-	Designs, manufactures and markets aerospace and military hardware for land, sea and air applications
12/14/2021	Traxxall Services, Inc.	Jet Support Services (GTCR; 1848 Capital)	-	Develops and operates software-as-a-service based solutions for aircraft maintenance tracking and parts inventory management
12/13/2021	TFI Aerospace Corporation	TriMas Corporation (NasdaqGS:TRS)	-	Manufactures aerospace fasteners
12/01/2021	Domaille Engineering, LLC (Thompson Street Capital; Onward Capital)	ADDMAN Engineering group (AIP)	-	Engages in the contract manufacturing of precision fiber optic equipment
11/30/2021	Will-Mor Manufacturing, Inc.	Global Precision Products, Inc. (Aldine Capital; Doherty Associates; Touchpoint Capital)	-	Manufactures and fabricates complex parts for the aerospace, defense, energy and commercial industries
11/29/2021	Unical Defense, Inc	Aircraft Fasteners International, LLC (Audax Management Company)	-	Manufactures aftermarket component parts and logistics services for military aircraft industry
11/17/2021	Tampa Bay Machining	Princeton Precision Group	-	Precision machined components for missile guidance systems, military avionics and commercial grade spectrometers
11/17/2021	Metalcraft Technologies, Inc.	ARCH Precision Components Corp. (Madison Dearborn Partners)	-	Fabricates, machines, processes/finishes and builds major and minor assemblies for aerospace
11/11/2021	Bohemia Interactive Simulations, Inc.	BAE Systems plc (LSE:BA.)	-	Develops training solutions for defense and civilian organizations
10/26/2021	SemiGen, Inc.	Naprotek, LLC (Edgewater Capital; Patriot Capital)	-	Printed circuit assemblies for electronic manufacturers of military electronics, commercial products and medical instrumentation
10/26/2021	Performance Plastics/Angelos Composites Technologies (Avantus Aerospace, Inc.)	JW Hill, LLC	-	Manufactures composite and metal aerospace/commercial products
10/20/2021	Unique One Aircraft Interiors, Inc.	Premier Air, Inc.	-	Provides interior refurbishment for aircraft. The company is based in Waterford, Michigan
10/18/2021	Stealth Aerospace, Inc.	Aircraft Fasteners International, LLC (Audax Management Company)	-	Distributor of electrical and electromechanical components to aerospace
10/12/2021	Advanced Solutions, Inc.	Rocket Lab USA, Inc. (NasdaqCM:RKLB)	\$46	Offers flight software suite, mission simulation and test systems, and guidance, navigation and control solutions

Source: Capital IQ and GCG research

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## M&A Trends



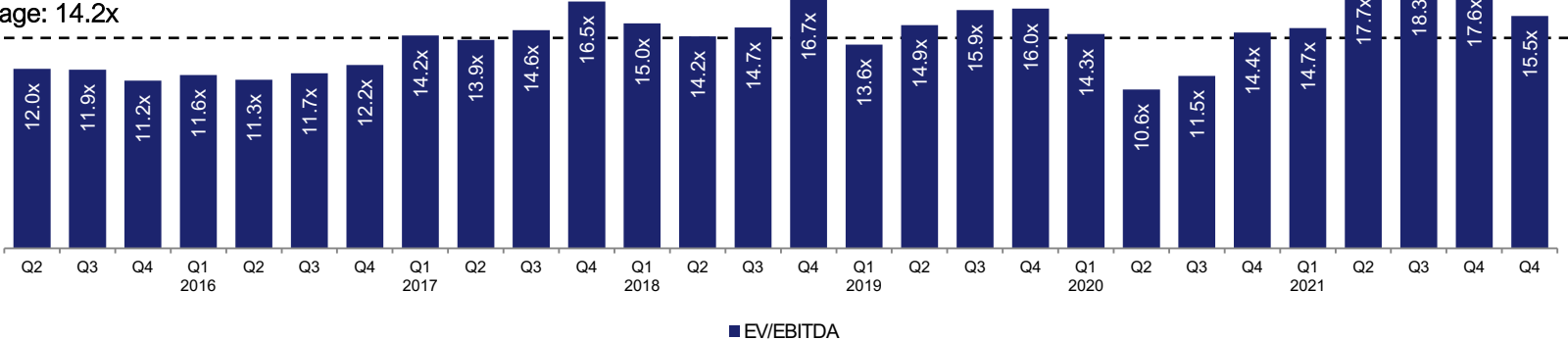
Source: S&P Capital IQ & GCG Research  
 Note: All values based on publicly available data as of 12/31/2021



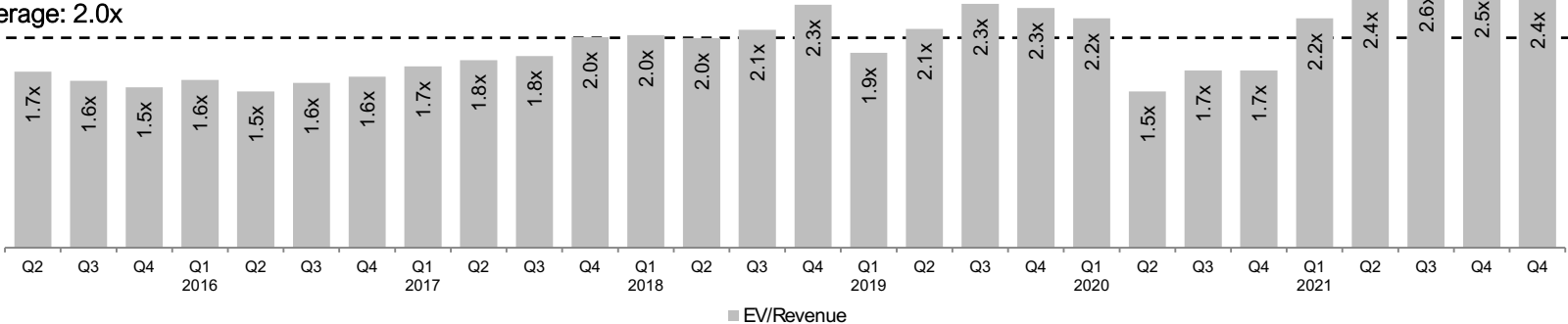
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## Public Company Trading Multiples

Average: 14.2x



Average: 2.0x



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 12/31/2021



# 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	\$160,914	\$62,797	(10.9%)	(6.0%)	5.0%	(2.1%)	2.6x	NM
Airbus SE	\$98,470	\$63,637	(5.5%)	16.5%	19.1%	14.0%	1.6x	10.7x
Rolls-Royce Holdings plc	\$20,858	\$15,620	(14.0%)	9.4%	10.6%	(2.2%)	1.4x	NM
Textron Inc.	\$19,214	\$12,727	8.7%	59.7%	16.0%	10.9%	1.5x	13.2x
MTU Aero Engines AG	\$11,743	\$4,662	(11.1%)	(21.7%)	15.1%	10.8%	2.6x	19.3x
Bombardier Inc.	\$9,442	\$6,651	(23.9%)	252.1%	10.5%	1.3%	1.4x	NM
Embraer S.A.	\$5,252	\$4,647	(1.3%)	161.4%	14.4%	4.5%	1.2x	23.9x
Dassault Aviation SA	\$5,166	\$7,058	(0.6%)	(1.4%)	28.2%	8.5%	0.8x	5.8x
Mean	\$31,804	\$22,225	(7.3%)	58.7%	14.9%	5.7%	1.6x	14.6x
Median	\$15,478	\$9,893	(8.2%)	12.9%	14.8%	6.5%	1.5x	13.2x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2021



# 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>A&amp;D Components/Systems</b>								
Safran SA	\$55,871	\$17,376	(5.0%)	(13.6%)	47.4%	15.0%	3.4x	20.9x
TransDigm Group Incorporated	\$50,750	\$4,798	(2.6%)	2.8%	53.1%	42.3%	10.6x	24.7x
HEICO Corporation	\$18,759	\$1,866	6.4%	6.4%	39.0%	26.1%	10.1x	36.9x
Meggitt PLC	\$8,897	\$1,999	(0.8%)	56.7%	30.7%	(4.8%)	4.5x	NM
Woodward, Inc.	\$7,262	\$2,250	(7.0%)	(9.9%)	23.9%	16.4%	3.2x	18.0x
Spirit AeroSystems Holdings, Inc.	\$6,780	\$3,760	(6.0%)	10.2%	(3.9%)	(1.4%)	1.8x	NM
Hexcel Corporation	\$5,117	\$1,325	(14.9%)	6.8%	18.9%	15.7%	4.1x	26.7x
Triumph Group, Inc.	\$2,613	\$1,647	(11.6%)	47.5%	25.2%	14.4%	1.6x	11.0x
AAR Corp.	\$1,490	\$1,740	16.0%	7.8%	14.5%	5.3%	0.9x	13.7x
Senior plc	\$1,026	\$908	(11.5%)	63.1%	16.1%	(20.5%)	1.2x	NM
Ducommun Incorporated	\$865	\$638	(8.9%)	(12.9%)	21.9%	12.1%	1.4x	10.6x
Héroux-Devtek Inc.	\$624	\$445	1.3%	28.4%	17.3%	13.8%	1.4x	9.1x
Latécoère S.A.	\$588	\$427	(1.9%)	(75.6%)	28.5%	(19.9%)	1.4x	NM
Astronics Corporation	\$552	\$444	(19.1%)	(9.3%)	14.0%	(0.3%)	1.2x	NM
Magellan Aerospace Corporation	\$485	\$546	(3.1%)	14.2%	7.0%	6.4%	0.9x	12.4x
Mean	\$10,779	\$2,678	(4.6%)	8.2%	23.6%	8.1%	3.2x	18.4x
Median	\$2,613	\$1,647	(5.0%)	6.8%	21.9%	12.1%	1.6x	15.8x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2021



# 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	\$155,993	\$63,763	(1.6%)	20.3%	18.4%	17.3%	2.4x	13.4x
Lockheed Martin Corporation	\$106,964	\$66,347	2.2%	0.1%	13.4%	13.2%	1.6x	11.7x
Northrop Grumman Corporation	\$71,051	\$37,240	7.2%	27.0%	21.0%	15.3%	1.9x	11.5x
General Dynamics Corporation	\$70,282	\$38,658	5.2%	40.1%	16.9%	13.7%	1.8x	12.4x
BAE Systems plc	\$29,005	\$26,843	(2.7%)	11.4%	64.6%	12.4%	1.1x	7.8x
Huntington Ingalls Industries, Inc.	\$10,445	\$9,604	(3.8%)	9.5%	16.1%	11.5%	1.1x	8.6x
Leonardo S.p.a.	\$9,561	\$16,167	(13.6%)	(0.8%)	11.4%	11.0%	0.6x	4.9x
Saab AB (publ)	\$3,287	\$4,538	(11.0%)	(12.5%)	21.1%	7.7%	0.7x	8.7x
Mean	\$57,073	\$32,895	(2.3%)	11.9%	22.8%	12.8%	1.4x	9.9x
Median	\$49,643	\$32,042	(2.2%)	10.5%	17.6%	12.8%	1.4x	10.1x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2021





# 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 Components/Systems</b>								
L3Harris Technologies, Inc.	\$48,685	\$17,814	(2.8%)	12.8%	30.2%	17.2%	2.7x	12.5x
Teledyne Technologies Incorporated	\$24,435	\$4,048	(0.0%)	11.5%	41.5%	24.1%	6.0x	24.2x
Thales S.A.	\$21,201	\$20,940	(13.7%)	(7.0%)	24.8%	12.1%	1.1x	7.6x
Elbit Systems Ltd.	\$9,085	\$5,162	18.7%	31.7%	26.0%	10.0%	1.7x	14.0x
Aerojet Rocketdyne Holdings, Inc.	\$3,576	\$2,155	9.9%	(11.5%)	18.3%	14.0%	1.7x	11.2x
Mercury Systems, Inc.	\$3,310	\$943	14.8%	(37.5%)	41.5%	17.6%	3.5x	18.6x
Ultra Electronics Holdings plc	\$3,158	\$1,174	(1.6%)	52.0%	30.3%	16.7%	2.7x	15.5x
Kratos Defense & Security Solutions, Inc.	\$2,435	\$806	(14.0%)	(29.3%)	27.0%	6.7%	3.0x	36.7x
AeroVironment, Inc.	\$1,638	\$438	(28.8%)	(28.6%)	36.4%	14.0%	3.7x	23.8x
Chemring Group PLC	\$1,171	\$538	(4.9%)	2.7%	100.0%	18.9%	2.2x	11.4x
Espey Mfg. & Electronics Corp.	\$23	\$28	(2.3%)	(24.9%)	12.8%	0.8%	0.8x	NM
Mean	\$10,792	\$4,913	(2.3%)	(2.6%)	35.3%	13.8%	2.7x	17.5x
Median	\$2,796	\$1,174	(2.3%)	(7.0%)	30.2%	14.0%	2.7x	14.7x
Aerospace & Defense Mean	\$25,430	\$12,711	(4.1%)	15.7%	24.6%	10.3%	2.4x	15.5x
Aerospace & Defense Median	\$6,651	\$4,293	(2.9%)	7.3%	19.9%	12.1%	1.6x	12.5x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2021



# 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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