



INDUSTRY UPDATE

AEROSPACE & DEFENSE
Q1 2022



GREENWICH
CAPITAL GROUP

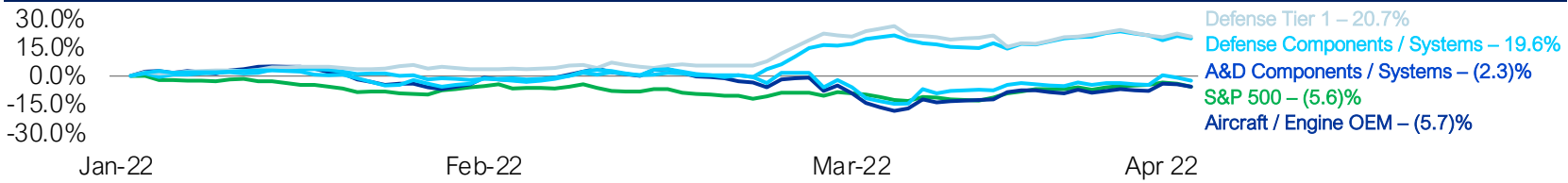
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Market Commentary

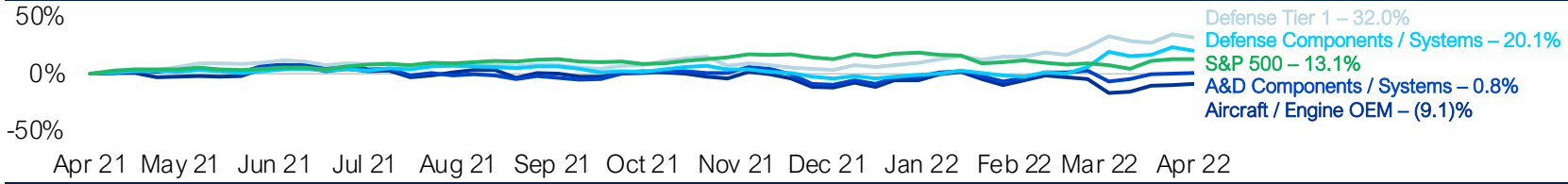
A Federal judge recently ruled that masks were no longer required onboard aircraft and major airlines subsequently removed mandates, adding to the already climbing demand for domestic travel on the heels of the Spring Break travel season. Trends suggest that demand for domestic travel will likely recover to reach pre-COVID levels in 2022.

President Biden signed the Consolidated Appropriations Act of 2022 into law on March 15 (approximately six months into the fiscal year), providing \$756.6 Billion for the Department of Defense, including \$6.5B earmarked for Ukraine. The Department of Defense has submitted a budget request for FY2023 for \$773 Billion (an increase of 2.2%).

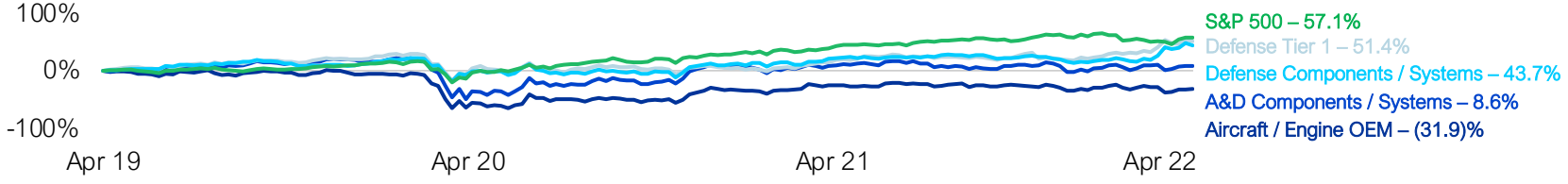
Aerospace & Defense Market Performance | Q1 2022



Aerospace & Defense Market Performance | 1 Year



Aerospace & Defense Market Performance | 3 Years



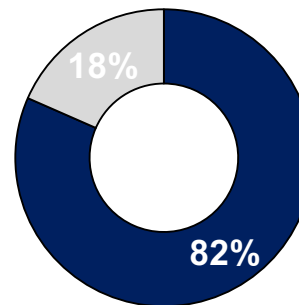
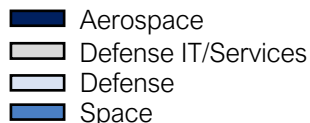
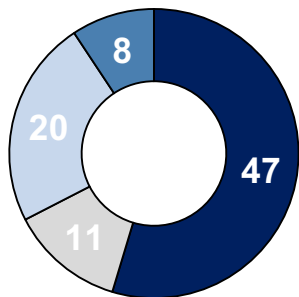
Source: S&P Capital IQ
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 03/31/2022



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M&A Activity

Q1 2022
Transaction Volume:
86



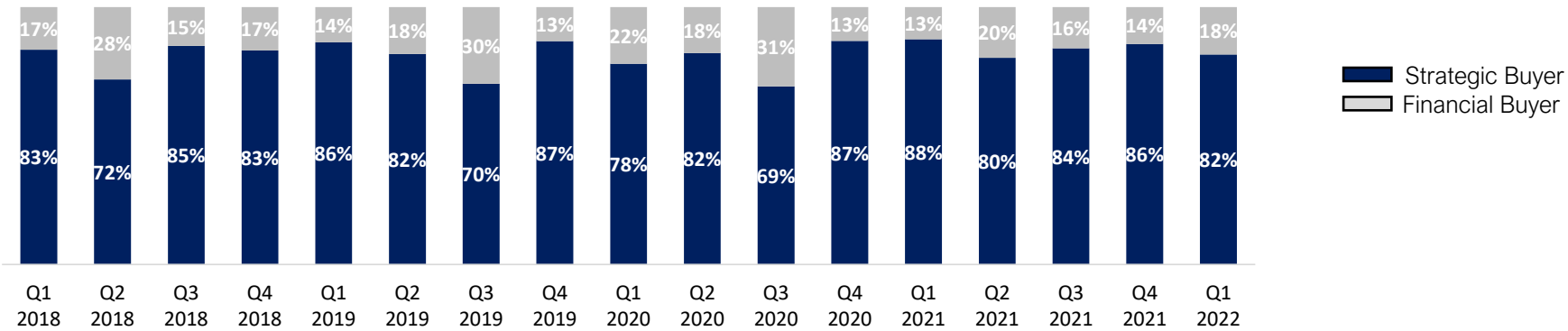
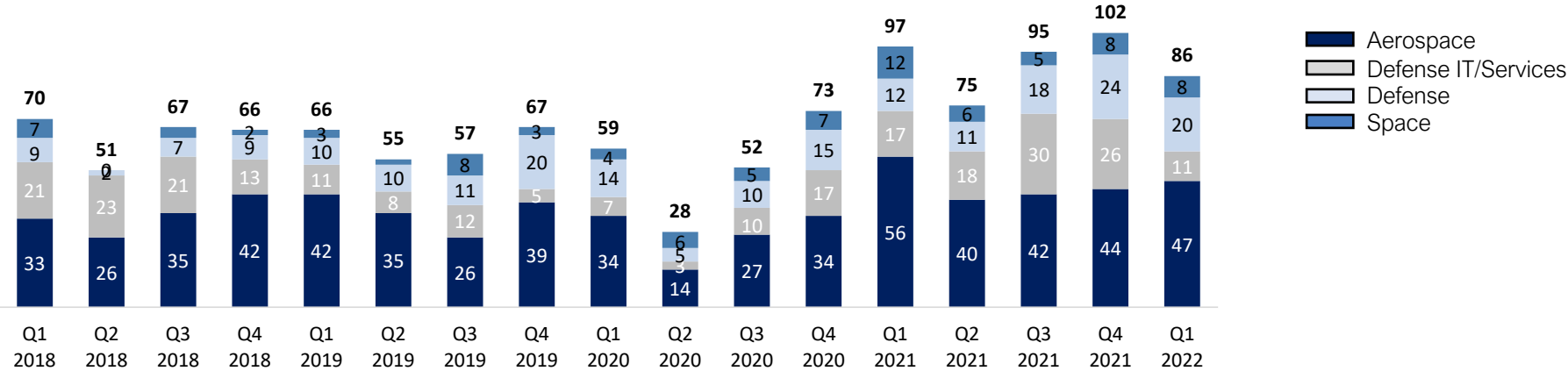
Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
03/25/2022	SMC Aerospace Ltd	G.S. Precision, Inc. (AE Industrial Partners)	-	Manufactures aviation and aerospace components
03/14/2022	Dart Aerospace Limited (First Aviation Services; Greenbriar Equity)	TransDigm Group Incorporated (NYSE:TDG)	\$360	Designs, manufactures and markets solutions for the helicopter and aerospace industry
03/09/2022	uAvionix Corporation (Redpoint; Playground Global; Airbus Ventures)	DC Capital Partners, LLC	-	Manufactures navigation tools to avoid flight collisions for drones
02/24/2022	Firefly Aerospace Inc. (Noosphere Venture Partners)	AE Industrial Partners, LP	-	Engages in the design, manufacture and operation of space launch vehicles
02/10/2022	Pioneer Industries, Inc.	Flight Support Group, Inc. (HEICO Corporation)	-	Operates as a dealer of military and industrial spares
01/25/2022	Fire-Tec Aero Systems, LLC	SK AeroSafety Group (Levine Leichtman Capital Partners)	-	Operates in the support services industry of aircraft fire extinguishers and oxygen cylinder assemblies
01/25/2022	Boecore, Inc.	Enlightenment Capital	-	Provides engineering and information technology services to A&D industry
01/19/2022	SOLUTE	Sigma Defense Systems LLC (Sagewind Capital)	-	Offers IT engineering services for defense industry
01/18/2022	Forecast International, Inc.	Government Executive Media Group LLC (Growth Catalyst Partners)	-	Provides market intelligence, forecasting and research and consulting services for A&D and other industries
01/13/2022	iRF - Intelligent RF Solutions, LLC	MITEQ Inc. (J.F. Lehman and Company)	-	Manufactures and offers RF and microwave systems and subsystems for mission-critical military and intelligence community applications
01/11/2022	NexLogic Technologies, LLC	Naprotek, LLC (Edgewater Capital; Patriot Capital)	-	Provides electronics manufacturing services to defense, medical, and test and instrumentation sectors
01/05/2022	Brighton Cromwell/Crestwood Technology Group	Triman Industries Inc. (AE Industrial Partners)	-	Operates as a supply chain integrator serving the defense market and other industries
01/03/2022	Casttheon, Inc.	ADDMAN Engineering group (AIP)	-	Develops robust laser powder bed fusion processes for A&D, medical and industrial customers

Source: Capital IQ and GCG research

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M&A Trends



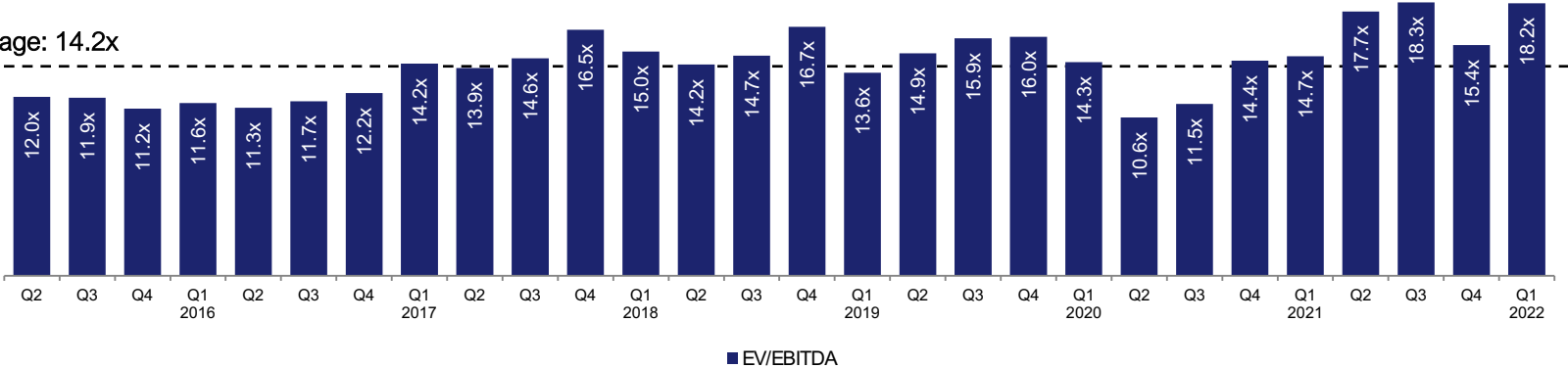
Source: S&P Capital IQ & GCG Research
 Note: All values based on publicly available data as of 03/31/2022



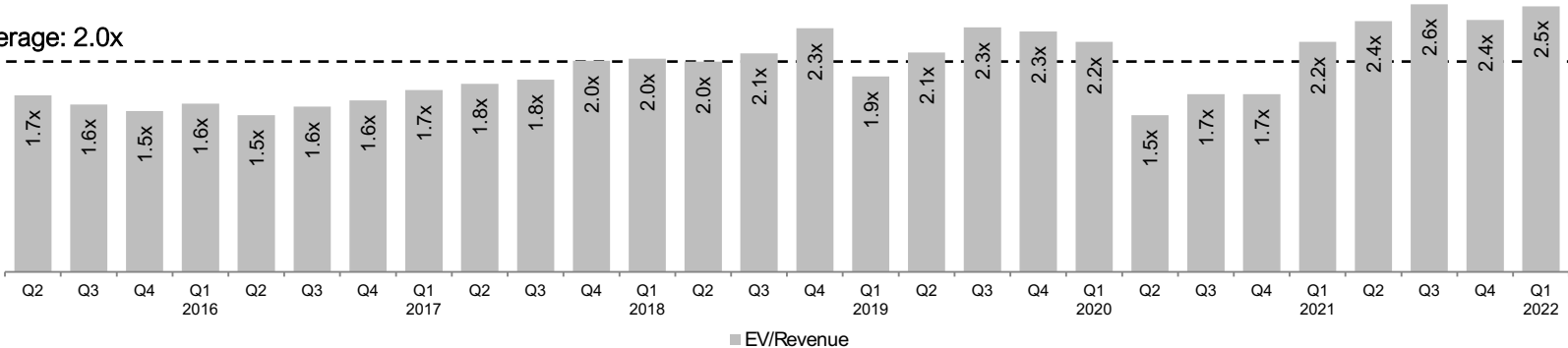
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Public Company Trading Multiples

Average: 14.2x



Average: 2.0x



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 03/31/2022



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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	\$156,172	\$62,286	(5.2%)	(24.6%)	8.3%	2.3%	2.5x	85.0x
Airbus SE	\$95,014	\$59,307	(4.1%)	3.7%	17.7%	12.3%	1.7x	12.9x
Textron Inc.	\$18,025	\$12,382	(5.4%)	28.1%	15.7%	10.3%	1.5x	13.5x
Rolls-Royce Holdings plc	\$17,819	\$15,190	(21.7%)	(13.5%)	19.0%	8.9%	1.2x	10.4x
MTU Aero Engines AG	\$13,043	\$4,763	12.5%	(5.9%)	16.5%	12.4%	2.8x	18.6x
Bombardier Inc.	\$8,808	\$6,085	(13.9%)	48.2%	15.2%	5.5%	1.4x	NM
Dassault Aviation Société anonyme	\$7,921	\$8,248	46.5%	39.8%	33.0%	9.0%	1.0x	7.5x
Embraer S.A.	\$4,287	\$4,069	(28.1%)	31.0%	15.6%	6.7%	0.9x	12.6x
Mean	\$30,839	\$21,541	(2.4%)	13.3%	17.6%	8.4%	1.6x	22.9x
Median	\$15,431	\$10,315	(5.3%)	15.9%	16.1%	8.9%	1.4x	12.9x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 03/31/2022



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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	\$52,968	\$17,392	(3.6%)	(16.1%)	49.4%	16.5%	3.1x	18.0x
TransDigm Group Incorporated	\$52,305	\$4,884	4.8%	10.5%	54.4%	44.1%	10.7x	23.9x
HEICO Corporation	\$19,395	\$1,938	8.4%	8.4%	39.2%	26.1%	10.0x	36.8x
Meggitt PLC	\$8,822	\$2,016	(0.0%)	47.3%	32.3%	15.0%	4.5x	28.4x
Woodward, Inc.	\$8,250	\$2,250	14.2%	1.5%	23.9%	16.6%	3.7x	20.9x
Spirit AeroSystems Holdings, Inc.	\$7,540	\$3,953	13.6%	(1.3%)	(2.7%)	(0.1%)	1.9x	NM
Hexcel Corporation	\$5,787	\$1,325	15.8%	6.4%	18.9%	15.7%	4.4x	25.8x
Triumph Group, Inc.	\$3,047	\$1,540	39.0%	38.5%	25.5%	14.9%	2.0x	13.2x
AAR Corp.	\$1,813	\$1,782	24.6%	15.5%	16.5%	7.4%	1.0x	12.5x
Ducommun Incorporated	\$883	\$645	14.0%	(14.4%)	22.1%	12.0%	1.4x	10.9x
Senior plc	\$877	\$892	(17.4%)	5.9%	15.6%	7.2%	1.0x	11.8x
Héroux-Devtek Inc.	\$584	\$430	(7.0%)	(2.0%)	16.6%	13.6%	1.3x	8.8x
Astronics Corporation	\$565	\$445	8.5%	(28.6%)	12.3%	(2.5%)	1.3x	NM
Magellan Aerospace Corporation	\$484	\$544	(0.3%)	(6.3%)	6.0%	5.6%	0.9x	13.8x
Latécoère S.A.	\$365	\$429	(16.7%)	(77.3%)	33.7%	(13.0%)	0.9x	NM
Mean	\$10,912	\$2,698	6.5%	(0.8%)	24.2%	11.9%	3.2x	18.7x
Median	\$3,047	\$1,540	8.4%	1.5%	22.1%	13.6%	1.9x	15.9x

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	\$175,911	\$64,388	16.4%	29.6%	19.5%	17.7%	2.7x	14.8x
Lockheed Martin Corporation	\$130,950	\$65,750	25.5%	20.2%	13.4%	13.3%	2.0x	14.0x
Northrop Grumman Corporation	\$81,522	\$35,667	17.5%	41.1%	20.4%	24.5%	2.3x	8.9x
General Dynamics Corporation	\$78,894	\$38,469	16.3%	34.1%	16.7%	13.7%	2.1x	13.9x
BAE Systems plc	\$34,446	\$26,433	25.7%	32.5%	63.9%	11.4%	1.3x	10.2x
Huntington Ingalls Industries, Inc.	\$11,036	\$9,524	8.5%	(0.8%)	14.4%	10.1%	1.2x	10.4x
Leonardo S.p.a.	\$9,337	\$16,075	40.0%	21.5%	10.7%	9.5%	0.6x	5.4x
Saab AB (publ)	\$4,598	\$4,207	42.8%	31.9%	21.1%	9.9%	1.1x	10.1x
Mean	\$65,837	\$32,564	24.1%	26.3%	22.5%	13.8%	1.7x	11.0x
Median	\$56,670	\$31,050	21.5%	30.7%	18.1%	12.3%	1.6x	10.3x

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 Components/Systems								
L3Harris Technologies, Inc.	\$55,980	\$17,814	18.7%	24.3%	30.2%	20.4%	3.1x	14.7x
Thales S.A.	\$27,711	\$18,415	46.1%	21.0%	24.9%	12.7%	1.6x	10.6x
Teledyne Technologies Incorporated	\$26,177	\$4,614	8.6%	13.6%	40.0%	22.4%	5.7x	24.4x
Elbit Systems Ltd.	\$10,853	\$5,279	26.1%	52.0%	25.7%	10.3%	2.1x	17.0x
Mercury Systems, Inc.	\$4,152	\$953	19.4%	(9.2%)	41.0%	17.1%	4.4x	23.6x
Ultra Electronics Holdings plc	\$3,164	\$1,152	1.2%	51.3%	29.8%	15.8%	2.8x	17.0x
Aerojet Rocketdyne Holdings, Inc.	\$2,995	\$2,188	(14.0%)	(14.8%)	17.7%	13.9%	1.4x	9.4x
Kratos Defense & Security Solutions, Inc.	\$2,630	\$812	6.7%	(26.8%)	27.7%	6.8%	3.2x	39.1x
AeroVironment, Inc.	\$2,463	\$449	52.0%	(21.0%)	33.9%	13.4%	5.5x	35.9x
Chemring Group PLC	\$1,236	\$538	5.8%	16.4%	100.0%	18.9%	2.4x	12.5x
Espey Mfg. & Electronics Corp.	\$24	\$29	(2.5%)	(12.3%)	14.3%	1.7%	0.8x	NM
Mean	\$12,489	\$4,749	15.3%	8.6%	35.0%	13.9%	3.0x	20.4x
Median	\$2,812	\$1,152	8.6%	13.6%	29.8%	13.9%	2.8x	17.0x
Aerospace & Defense Mean	\$27,354	\$12,513	10.5%	9.5%	25.5%	12.1%	2.6x	18.3x
Aerospace & Defense Median	\$7,540	\$4,138	8.5%	9.5%	19.9%	12.3%	1.9x	13.8x

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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.



Peter Frankfort

Managing Director

Aerospace & Defense Leader

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.

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