



# INDUSTRY UPDATE

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AEROSPACE & DEFENSE  
Q2 2022



GREENWICH  
CAPITAL GROUP

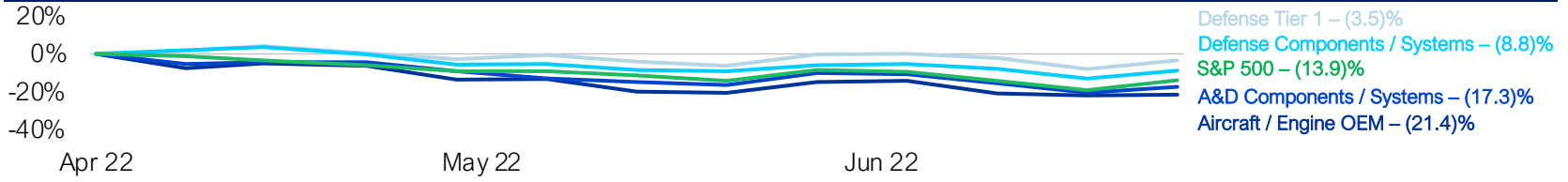
# GCG INDUSTRY UPDATE | Aerospace & Defense

## Market Commentary

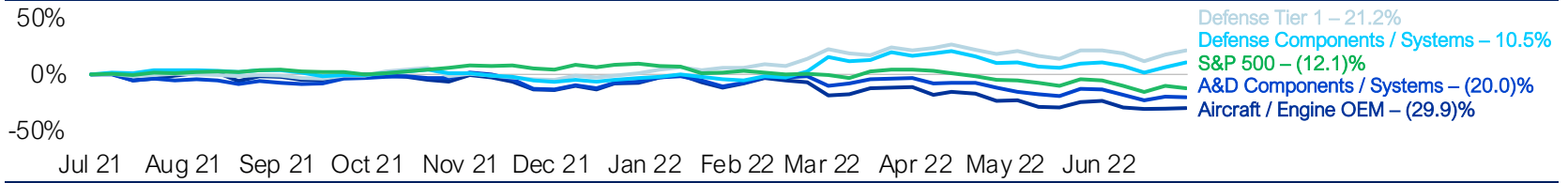
The House of Representatives passed its version of the 2023 National Defense Authorization Act on July 14. The annual policy bill includes a \$37 billion increase to the Pentagon's budget for a total of \$839 billion. While NDAA's set policy and authorize funds, they do not appropriate the money the Defense Department spends. With the NDAA through the House, the Senate must now pass its version of the bill before legislators from the two chambers can craft a compromise bill in conference to vote on and send to President Biden.

At the Farnborough Airshow, Delta Air Lines announced that it would buy 100 Boeing 737 MAX 10 jets with an option to buy another 30, with deliveries starting in 2025. Delta previously was the only major U.S. airline without a MAX in its fleet or on order.

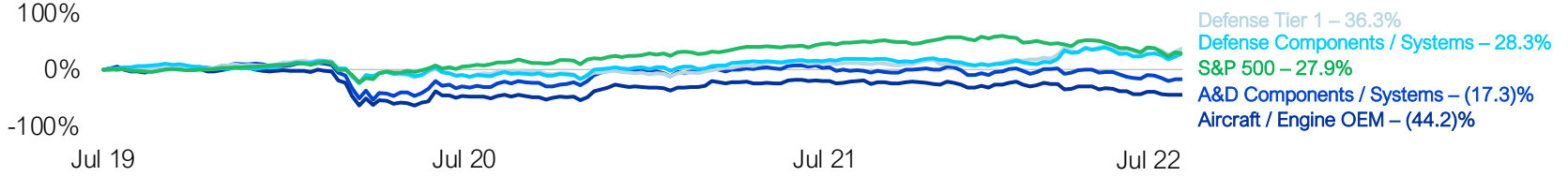
### Aerospace & Defense Market Performance | Q2 2022



### Aerospace & Defense Market Performance | 1 Year



### Aerospace & Defense Market Performance | 3 Years



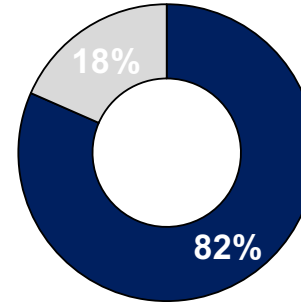
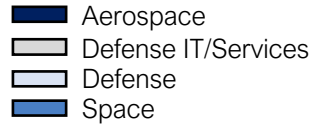
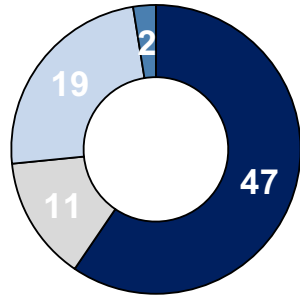
Source: S&P Capital IQ  
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 06/30/2022



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## M&A Activity

Q2 2022  
Transaction Volume:  
**79**



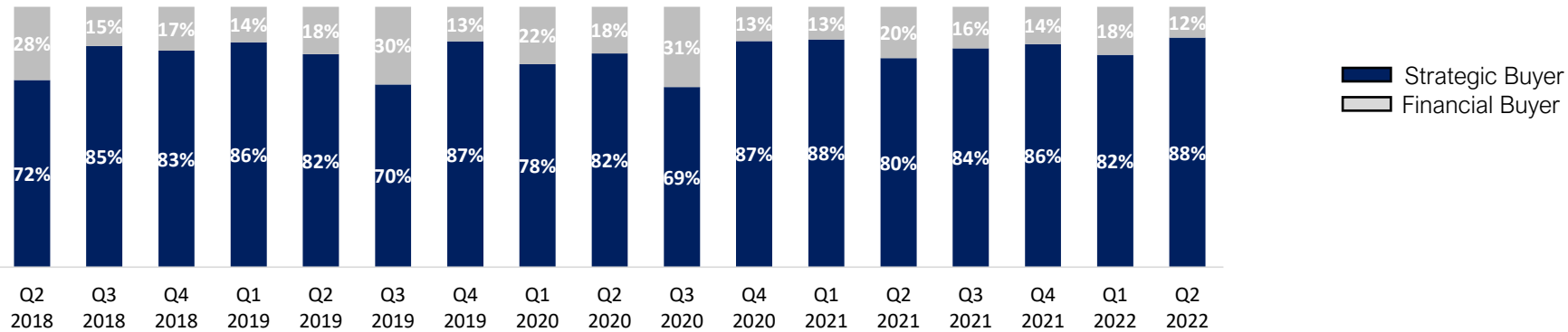
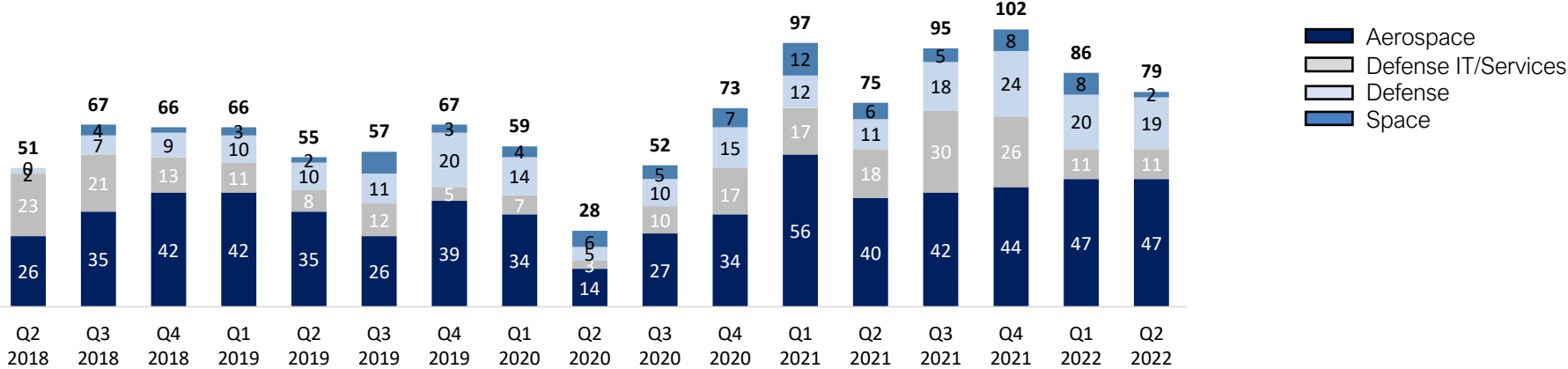
## Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
06/28/2022	Raloid Corporation	Primus Metals, Inc. (Angeles Equity)	-	Manufactures mechanical and other sophisticated parts and components for A&D programs.
06/22/2022	GoProto Inc.	Re3dTech (CORE Industrial)	-	Manufactures metal and plastic parts for aerospace and defense and other applications.
06/10/2022	Integral Industries, Inc.	Enjet Aero, LLC (Vantedge Partners)	-	Manufactures components and assemblies for commercial and military aircraft engines.
06/02/2022	Research Tool & Die Works, Inc.	Fairbanks Morse Defense (Arcline Investment)	-	Manufactures electrical-systems hardware design and metal stamping fabrication for A&D and other industries.
06/01/2022	Elite Manufacturing Technologies, Inc.	CGI Automated Manufacturing, LLC (CORE Industrial)	-	Provides metal fabrication and production services for A&D and other industries.
05/17/2022	Valkyrie Enterprises, LLC	DC Capital Partners Management LP	-	A maritime and defense engineering and technical services firm.
05/17/2022	Hill Technical Solutions, LLC (DC Capital Partners)	Valkyrie Enterprises, LLC (DC Capital Partners)	-	Provides engineering analysis, system requirements development and verification, flight test data management, analysis, modeling, and simulation services.
05/09/2022	Blue Sky Network, LLC	ACR Group Corporation	-	Provides satellite communication and logistics-based hardware, software, service, and support solutions for two-way linking and managing aviation, land mobile, and marine assets.
04/28/2022	F.T.Gearing Systems Limited	G.S. Precision, Inc. (AE Industrial)	-	Manufactures machined parts and gear technology solutions for the aerospace and defense sector.
04/26/2022	FMI Chemical, Inc.	Novaria Holdings LLC (KKR)	-	Engages in the supply of nonmetallic aerospace sealants, and compounds and coatings for aircraft manufacturing, and MRO.
04/11/2022	Ferra Aerospace Inc.	Accurus Aerospace Corporation (Liberty Hall Capital)	-	Manufactures and supplies integrated aerospace and naval defence structures and sub-systems.
04/06/2022	The Companies of North Coast, LLC (Unitech Aerospace Company)	Applied Composites Holdings, LLC (AE Industrial)	-	Manufacturers of Resin Transfer Molded composite structures and tool for aerospace industry.
04/04/2022	Petersen Inc.	Precinmac Precision Machining (Pine, Bain, Compass)	-	Provides fabrication, manufacturing, and machining services for nuclear, petrochemical, aerospace, mining, and industrial projects, equipment, and parts.

Source: Capital IQ and GCG research

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## M&A Trends



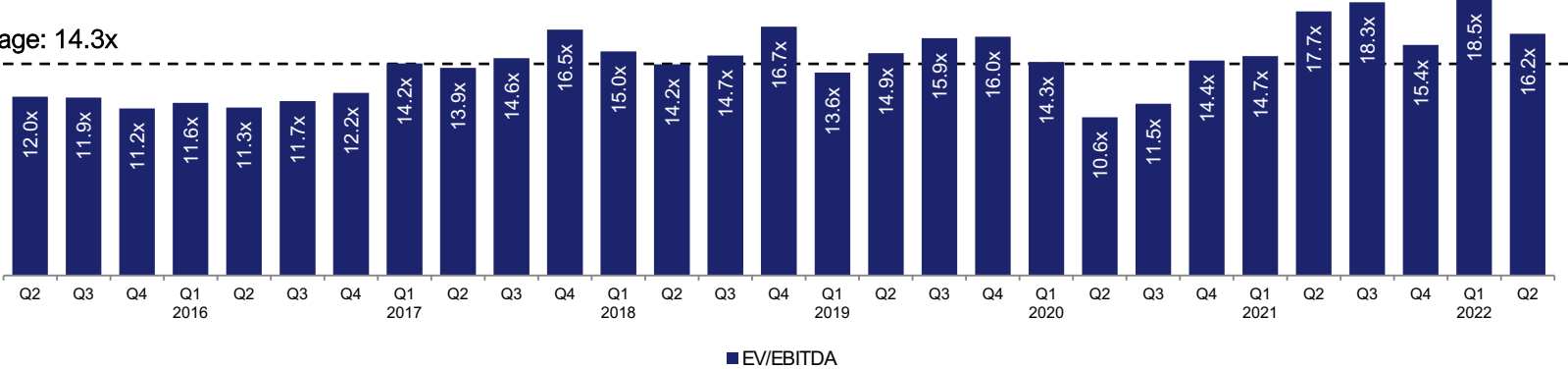
Source: S&P Capital IQ & GCG Research  
 Note: All values based on publicly available data as of 06/30/2022



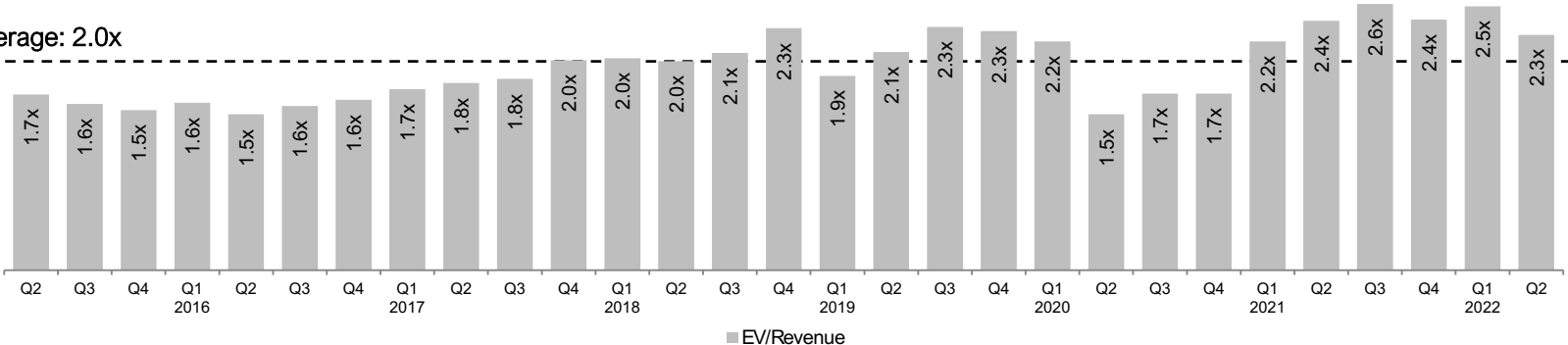
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## Public Company Trading Multiples

Average: 14.3x



Average: 2.0x



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 06/30/2022



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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
<b>Aircraft/Engine OEM</b>								
The Boeing Company	\$128,323	\$61,060	(26.7%)	(41.7%)	6.1%	0.1%	2.1x	NM
Airbus SE	\$75,689	\$59,641	(19.2%)	(23.9%)	19.2%	13.9%	1.4x	9.4x
Textron Inc.	\$15,193	\$12,504	(16.3%)	(11.5%)	16.8%	11.5%	1.2x	10.1x
Rolls-Royce Holdings plc	\$15,017	\$15,190	(20.5%)	(25.5%)	19.0%	8.9%	1.1x	9.5x
MTU Aero Engines AG	\$10,486	\$4,864	(19.7%)	(25.9%)	16.2%	12.6%	2.3x	15.1x
Dassault Aviation Société anonyme	\$8,096	\$8,248	(1.0%)	32.1%	33.0%	9.0%	1.1x	8.1x
Bombardier Inc.	\$7,192	\$5,990	(47.7%)	(36.5%)	16.3%	6.4%	1.2x	18.2x
Embraer S.A.	\$3,346	\$4,069	(30.5%)	(40.1%)	15.6%	6.7%	0.8x	11.1x
Mean	\$27,182	\$21,446	(22.7%)	(21.6%)	17.8%	8.6%	1.4x	11.6x
Median	\$12,751	\$10,376	(20.1%)	(25.7%)	16.6%	8.9%	1.2x	10.1x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 06/30/2022



# GCG INDUSTRY UPDATE | Aerospace & Defense

## Public Comparable Companies (Cont'd)

Company Name	Enterprise Value (\$mils)	Revenue (\$mils)	Price Change		LTM Margins		TEV / LTM:	
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA
<b>A&amp;D Components/Systems</b>								
TransDigm Group Incorporated	\$45,330	\$5,018	(18.8%)	(17.8%)	55.4%	44.7%	9.0x	20.0x
Safran SA	\$44,590	\$17,392	(16.2%)	(29.7%)	49.4%	16.5%	2.8x	16.1x
HEICO Corporation	\$16,472	\$2,010	(14.8%)	(14.8%)	39.3%	26.4%	8.2x	29.9x
Meggitt PLC	\$8,342	\$2,016	(5.1%)	47.0%	32.3%	15.0%	4.7x	29.2x
Woodward, Inc.	\$6,239	\$2,255	(25.2%)	(24.2%)	23.2%	15.5%	2.8x	16.8x
Spirit AeroSystems Holdings, Inc.	\$5,902	\$4,227	(38.1%)	(36.3%)	(0.1%)	(0.0%)	1.4x	NM
Hexcel Corporation	\$5,186	\$1,405	(11.9%)	(14.4%)	20.2%	16.8%	3.7x	20.5x
Triumph Group, Inc.	\$2,233	\$1,460	(48.1%)	(35.6%)	26.5%	12.6%	1.5x	11.0x
AAR Corp.	\$1,583	\$1,782	(13.6%)	7.7%	16.5%	7.4%	0.9x	10.9x
Ducommun Incorporated	\$803	\$652	(17.7%)	(20.6%)	21.8%	12.1%	1.2x	9.7x
Senior plc	\$763	\$892	(14.5%)	(36.7%)	15.6%	7.2%	1.0x	11.2x
Héroux-Devtek Inc.	\$487	\$429	(18.6%)	(25.1%)	17.0%	13.3%	1.2x	7.8x
Astronics Corporation	\$457	\$455	(20.1%)	(42.0%)	14.5%	(0.1%)	1.0x	NM
Magellan Aerospace Corporation	\$374	\$561	(25.9%)	(30.9%)	5.0%	4.4%	0.7x	13.6x
Latécoère S.A.	\$299	\$429	(23.4%)	(82.4%)	33.7%	(13.0%)	0.8x	NM
Mean	\$9,271	\$2,732	(20.8%)	(23.7%)	24.7%	11.9%	2.7x	19.9x
Median	\$2,233	\$1,460	(18.6%)	(25.1%)	21.8%	12.6%	1.4x	16.1x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 06/30/2022



# 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	\$172,506	\$64,853	(3.1%)	12.5%	20.0%	17.5%	2.7x	14.5x
Lockheed Martin Corporation	\$125,310	\$65,750	(2.8%)	14.0%	13.4%	15.1%	1.9x	12.1x
Northrop Grumman Corporation	\$87,519	\$35,307	6.9%	32.3%	21.0%	14.1%	2.5x	16.2x
General Dynamics Corporation	\$72,314	\$38,472	(7.7%)	19.0%	16.8%	13.7%	1.9x	12.8x
BAE Systems plc	\$36,385	\$26,433	7.8%	39.2%	63.9%	11.4%	1.5x	11.7x
Huntington Ingalls Industries, Inc.	\$11,908	\$9,822	9.0%	4.2%	14.0%	10.2%	1.2x	10.8x
Leonardo S.p.a.	\$10,960	\$15,942	2.3%	24.2%	10.6%	9.7%	0.7x	6.5x
Saab AB (publ)	\$5,151	\$4,207	10.6%	51.5%	21.1%	9.9%	1.4x	12.3x
Mean	\$65,257	\$32,598	2.9%	24.6%	22.6%	12.7%	1.7x	12.1x
Median	\$54,349	\$30,870	4.6%	21.6%	18.4%	12.5%	1.7x	12.2x

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
<b>Defense Components/Systems</b>								
L3Harris Technologies, Inc.	\$54,456	\$17,350	(3.9%)	11.2%	30.2%	20.5%	3.1x	14.6x
Thales S.A.	\$27,786	\$18,415	0.6%	21.6%	24.9%	12.8%	1.6x	11.2x
Teledyne Technologies Incorporated	\$21,769	\$5,130	(20.0%)	(9.9%)	40.9%	22.9%	4.2x	17.9x
Elbit Systems Ltd.	\$11,118	\$5,513	3.5%	75.7%	25.5%	9.5%	2.2x	19.4x
Mercury Systems, Inc.	\$4,123	\$949	(2.6%)	(4.5%)	40.6%	17.1%	4.3x	23.5x
Aerojet Rocketdyne Holdings, Inc.	\$3,187	\$2,203	2.4%	(14.8%)	17.9%	14.6%	1.4x	9.4x
Ultra Electronics Holdings plc	\$3,034	\$1,152	(4.5%)	31.3%	29.8%	15.8%	3.0x	17.7x
AeroVironment, Inc.	\$2,243	\$446	(8.9%)	(14.5%)	31.7%	11.7%	5.0x	34.6x
Kratos Defense & Security Solutions, Inc.	\$1,885	\$814	(32.7%)	(51.4%)	27.8%	6.2%	2.3x	30.1x
Chemring Group PLC	\$1,112	\$521	(9.2%)	(3.6%)	100.0%	18.5%	2.2x	11.8x
Espey Mfg. & Electronics Corp.	\$24	\$33	2.8%	(4.2%)	18.2%	7.4%	0.7x	9.9x
Mean	\$11,885	\$4,775	(6.6%)	3.4%	35.2%	14.3%	2.8x	18.2x
Median	\$2,638	\$1,152	(3.9%)	(4.2%)	29.8%	14.6%	2.3x	17.7x
Aerospace & Defense Mean	\$25,124	\$12,520	(12.9%)	(7.0%)	25.7%	12.1%	2.3x	16.4x
Aerospace & Defense Median	\$5,990	\$4,217	(14.1%)	(14.5%)	20.6%	12.3%	1.6x	12.8x

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](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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