



# INDUSTRY UPDATE

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AEROSPACE & DEFENSE  
Q3 2022



GREENWICH  
CAPITAL GROUP

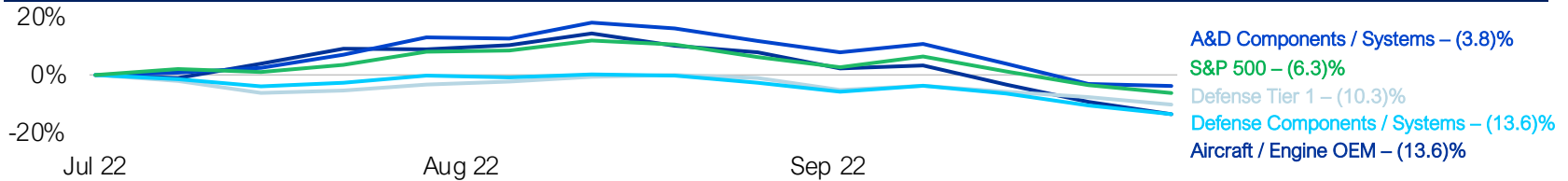
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## Market Commentary

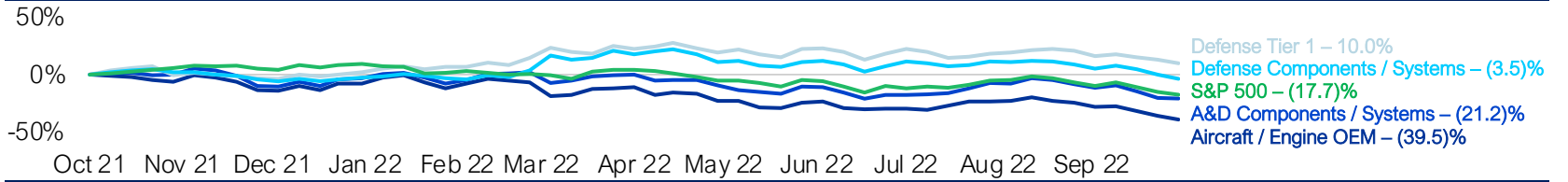
The U.S. Senate passed a bill in September that provides \$12.3bn in aid to Ukraine and authorizes the transfer of \$3.7bn in U.S. weapons. This adds to the measure in May when Congress approved \$40bn in assistance, and earlier this year it allocated \$13.6bn. Congress has now committed more military aid to Ukraine than it has to any country in a single year since the Vietnam War.

Boeing delivered its first 787 Dreamliner in more than a year in August, ending a pause that was sparked by a series of manufacturing flaws. American Airlines took the first new delivery from Boeing's 787 factory in South Carolina following FAA approval. Deliveries had been on hold for much of the past two years. Among the issues discovered were tiny, incorrect spacing in some parts of the fuselage.

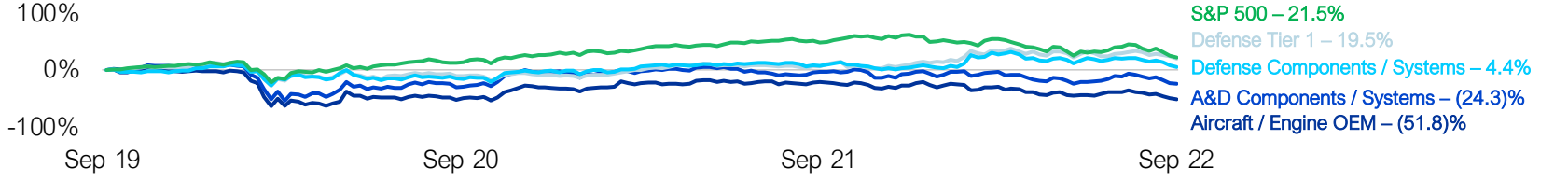
### Aerospace & Defense Market Performance | Q3 2022



### Aerospace & Defense Market Performance | 1 Year



### Aerospace & Defense Market Performance | 3 Years



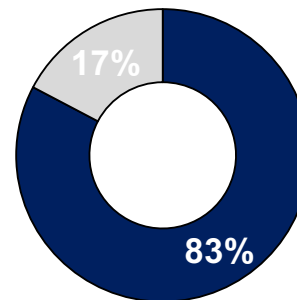
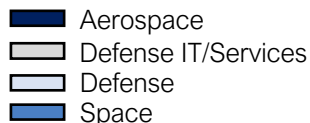
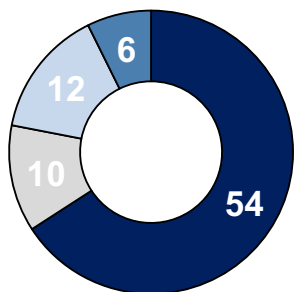
Source: S&P Capital IQ  
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 09/30/2022



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## M&A Activity

Q3 2022  
Transaction Volume:  
**82**



## Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
09/29/2022	Summit Steel & Manufacturing, Inc.	Lorraine Capital LLC (Ironwood Capital)	-	Manufactures and provides industrial welding and fabrication solutions to various industries such as aerospace, military and defense
09/12/2022	NuSpace, Inc. (Cornerstone Capital Holdings, LLC)	PCX Aerostructures, LLC (Greenbriar Equity Group, L.P.)	-	Operates as a manufacturer with design and specialized fabrication capabilities, and flight-critical assembly and quality systems
09/07/2022	Pacific Contours Corporation	PCX Aerostructures, LLC (Greenbriar Equity Group, L.P.)	-	Manufactures hard and soft metal components and assemblies for the aerospace and defense sector
08/29/2022	Vac-Met, Inc.	Solar Atmospheres, Inc.	-	Operates as an advanced metal processing company. Vac-Met, Inc. was incorporated in 1981 and is based in Warren, Michigan
08/19/2022	Applegate EDM, Inc. and Icon Machine Co., Inc	Precision Aerospace Holdings (CIC Partners; Juniper Capital Management)	-	Operates as a manufacturer of tight tolerance parts and components for commercial and defense contracts
08/11/2022	Sensor Systems, Inc.	Electronic Technologies Group, Inc. (HEICO Corporation (NYSE:HEI))	\$165	Designs, develops, manufactures, and delivers the antennas for commercial, military, and business aerospace applications
08/08/2022	Adaptive Energy LLC (Sleeping Bear Capital, LLC)	Edge Autonomy (AE Industrial Partners, LP)	-	Designs and manufactures solid oxide fuel cells for back up and portable power applications. The company was founded and is based in Ann Arbor, Michigan
08/03/2022	Seradata Limited	Slingshot Aerospace, Inc. (Various PE/VC)	-	Operates as a space data analysis company that develops and offers satellite database, space research and analysis system solutions
08/03/2022	Intrepid Solutions and Services (Bluestone Investment; Route 2 Capital)	CIS Secure Computing (Hammond, Kennedy, Whitney & Company; The Riverside Company)	-	Provides professional services and technology solutions to key components of the defense and intelligence communities of the federal government
08/03/2022	Numerica's space business	Slingshot Aerospace, Inc. (Various PE/VC)	-	Space simulation solution business
07/26/2022	Casey Tool And Machine Co., Inc.	Milton Industries (Levine Leichtman Capital Partners; CNL Strategic Capital)	-	Operates as a prototype, hard tooling, and production run manufacturer of parts for aerospace, lighting, automotive, and medical companies
07/21/2022	J & E Manufacturing LLC	First Capital Partners, LLC; Willis & Smith Capital, LLC	-	Manufactures sheet metal fabrications, stampings, and machined components for A&D industries
07/19/2022	Tenere Inc. (Watermill Management Company, LLC)	CGI Automated Manufacturing, LLC (CORE Industrial Partners, LLC)	-	Manufactures metal fabrication and injection molding products to small, midsized, and Fortune 100 companies
07/19/2022	Stroco Manufacturing, Inc.	Novaria Holdings LLC (KKR & Co. Inc. (NYSE:KKR))	-	Operates as an aerospace manufacturer that offers products, such as small precision sheet metal and machined parts and assemblies
07/19/2022	B&M Painting Company, Inc.	Valence Surface Technologies (BC Investment Management; ATL Partners)	-	Offers anti-corrosive fabrications and spec painting for the defense and aerospace industry
07/15/2022	ZONA Technology, Inc.	Siemens Product Lifecycle Management Software (Siemens (XTRA:SIE))	-	Develops, licenses, and supports Computer-aided Engineering (CAE) software for aircraft design and analysis

Source: Capital IQ and GCG research

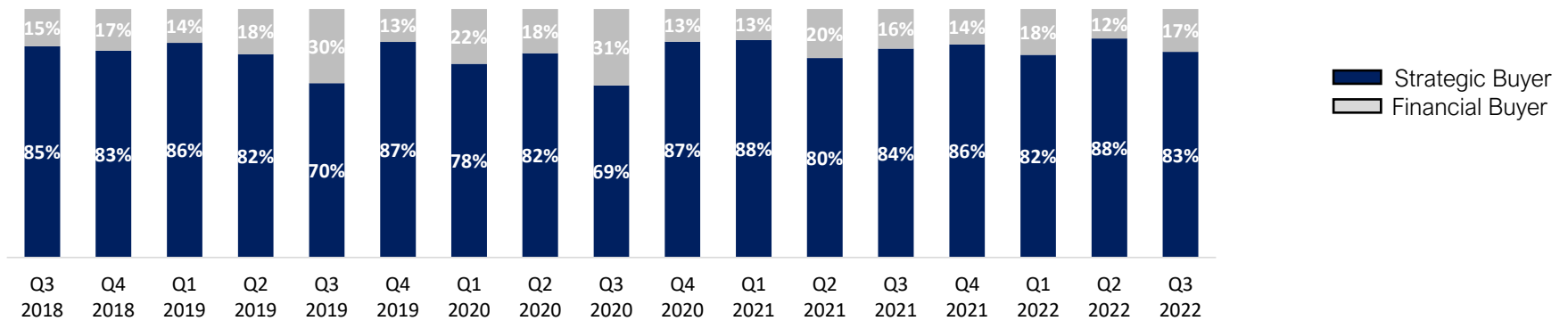
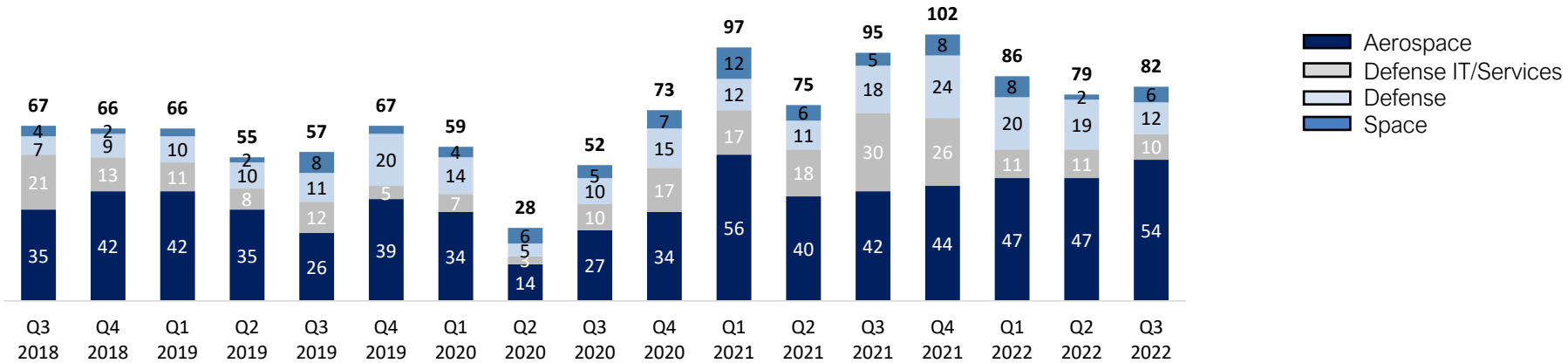
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## M&A Trends



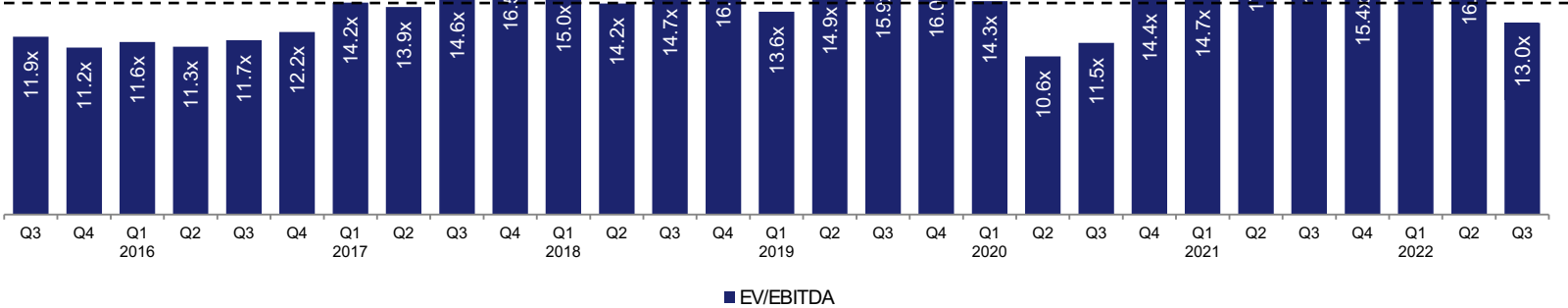
Source: S&P Capital IQ & GCG Research  
 Note: All values based on publicly available data as of 09/30/2022



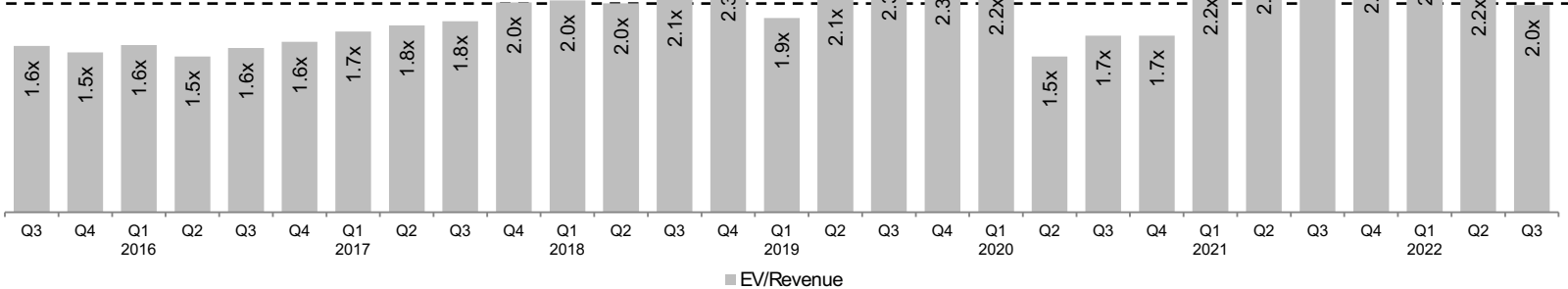
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## Public Company Trading Multiples

Average: 14.3x



Average: 2.0x



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 09/30/2022



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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	\$117,748	\$60,743	(13.4%)	(46.4%)	6.0%	0.2%	1.9x	NM
Airbus SE	\$66,096	\$54,696	(12.0%)	(35.5%)	17.9%	12.5%	1.3x	9.9x
Textron Inc.	\$14,492	\$12,467	(4.7%)	(18.0%)	16.7%	11.9%	1.2x	9.4x
Rolls-Royce Holdings plc	\$12,490	\$14,167	(25.1%)	(59.9%)	20.4%	8.7%	1.0x	8.3x
MTU Aero Engines AG	\$8,781	\$4,864	(18.0%)	(34.1%)	17.0%	12.7%	1.9x	12.7x
Bombardier Inc.	\$7,080	\$6,023	20.4%	(58.7%)	17.2%	7.2%	1.3x	16.5x
Dassault Aviation Société anonyme	\$3,514	\$7,599	(26.8%)	5.6%	35.9%	9.7%	0.5x	3.4x
Embraer S.A.	\$3,094	\$3,903	(3.4%)	(52.3%)	18.7%	5.7%	0.8x	13.4x
Mean	\$24,860	\$20,558	(10.4%)	(37.4%)	18.7%	8.6%	1.2x	10.5x
Median	\$10,636	\$10,033	(12.7%)	(41.0%)	17.5%	9.2%	1.2x	9.9x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 09/30/2022



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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
<b>A&amp;D Components/Systems</b>								
TransDigm Group Incorporated	\$44,562	\$5,198	(3.1%)	(19.6%)	56.5%	45.6%	8.6x	18.6x
Safran SA	\$39,994	\$17,977	(6.8%)	(28.5%)	50.0%	18.4%	2.4x	12.4x
HEICO Corporation	\$17,706	\$2,108	8.1%	8.1%	39.2%	26.4%	8.4x	30.7x
Woodward, Inc.	\$5,521	\$2,313	(14.1%)	(31.8%)	22.6%	14.9%	2.4x	15.0x
Spirit AeroSystems Holdings, Inc.	\$5,389	\$4,483	(27.7%)	(52.2%)	(0.3%)	1.4%	1.2x	NM
Hexcel Corporation	\$5,063	\$1,478	(2.1%)	(15.0%)	21.1%	18.5%	3.4x	17.2x
Triumph Group, Inc.	\$2,013	\$1,413	(35.8%)	(59.0%)	25.5%	11.2%	1.4x	11.4x
AAR Corp.	\$1,361	\$1,811	(14.7%)	6.4%	18.2%	8.8%	0.8x	7.1x
Ducommun Incorporated	\$734	\$666	(9.6%)	(22.7%)	21.0%	11.3%	1.1x	9.2x
Senior plc	\$703	\$885	(7.2%)	(42.0%)	15.9%	8.3%	0.9x	9.0x
Héroux-Devtek Inc.	\$415	\$407	(17.1%)	(36.5%)	15.6%	12.0%	1.1x	8.0x
Astronics Corporation	\$398	\$473	(24.4%)	(47.0%)	11.9%	(2.4%)	0.8x	NM
Latécoère S.A.	\$358	\$461	(8.0%)	(42.4%)	35.5%	(8.5%)	0.8x	NM
Magellan Aerospace Corporation	\$331	\$563	(13.4%)	(38.0%)	5.2%	4.2%	0.6x	12.8x
Mean	\$8,896	\$2,874	(12.6%)	(30.0%)	24.1%	12.1%	2.4x	13.8x
Median	\$1,687	\$1,445	(11.5%)	(34.1%)	21.0%	11.2%	1.2x	12.4x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 09/30/2022



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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
<b>Defense Tier 1</b>								
Raytheon Technologies Corporation	\$150,304	\$65,287	(15.6%)	(6.4%)	20.2%	17.3%	2.3x	12.7x
Lockheed Martin Corporation	\$112,295	\$64,167	(10.9%)	11.1%	13.4%	11.1%	1.8x	14.9x
Northrop Grumman Corporation	\$85,747	\$34,957	(3.3%)	30.3%	20.9%	25.1%	2.5x	9.3x
General Dynamics Corporation	\$69,023	\$38,441	(5.2%)	7.0%	17.0%	13.7%	1.8x	12.2x
BAE Systems plc	\$32,932	\$24,207	(12.7%)	15.0%	62.9%	10.7%	1.5x	11.8x
Huntington Ingalls Industries, Inc.	\$11,756	\$10,253	0.2%	14.1%	14.1%	10.7%	1.1x	9.8x
Leonardo S.p.a.	\$8,896	\$15,018	(30.5%)	(14.0%)	10.9%	9.7%	0.6x	5.6x
Saab AB (publ)	\$4,015	\$3,838	(22.2%)	9.4%	21.1%	10.0%	1.1x	10.2x
Mean	\$59,371	\$32,021	(12.5%)	8.3%	22.6%	13.5%	1.6x	10.8x
Median	\$50,978	\$29,582	(11.8%)	10.2%	18.6%	10.9%	1.6x	11.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 09/30/2022





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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
<b>Defense Components/Systems</b>								
L3Harris Technologies, Inc.	\$47,255	\$16,817	(14.6%)	(5.3%)	30.2%	20.9%	2.8x	12.8x
Thales S.A.	\$24,516	\$17,541	(11.3%)	12.4%	25.0%	12.1%	1.5x	10.4x
Teledyne Technologies Incorporated	\$19,620	\$5,364	(11.1%)	(22.8%)	41.2%	22.9%	3.7x	15.4x
Elbit Systems Ltd.	\$9,658	\$5,514	(16.0%)	30.2%	25.5%	9.7%	1.8x	15.7x
Aerojet Rocketdyne Holdings, Inc.	\$3,133	\$2,175	(2.9%)	(6.0%)	15.8%	13.1%	1.4x	10.4x
Mercury Systems, Inc.	\$2,813	\$988	(36.6%)	(15.4%)	40.0%	16.6%	2.8x	15.8x
AeroVironment, Inc.	\$2,175	\$453	(3.0%)	(4.3%)	32.3%	12.9%	4.8x	30.3x
Kratos Defense & Security Solutions, Inc.	\$1,539	\$833	(27.1%)	(55.0%)	27.8%	6.1%	1.8x	24.2x
Chemring Group PLC	\$917	\$521	(17.8%)	(24.9%)	100.0%	18.5%	2.0x	10.5x
Espey Mfg. & Electronics Corp.	\$22	\$32	(3.2%)	(5.2%)	17.0%	6.3%	0.7x	10.8x
Mean	\$11,165	\$5,024	(14.3%)	(9.6%)	35.5%	13.9%	2.3x	15.6x
Median	\$2,494	\$1,581	(12.9%)	(5.7%)	29.0%	13.0%	1.9x	14.1x
Aerospace & Defense Mean	\$23,612	\$12,778	(12.6%)	(18.7%)	25.6%	12.1%	2.0x	13.0x
Aerospace & Defense Median	\$5,517	\$4,673	(12.4%)	(18.8%)	20.7%	11.2%	1.5x	12.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 09/30/2022



# 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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