



INDUSTRY UPDATE

AEROSPACE & DEFENSE
Q4 2022



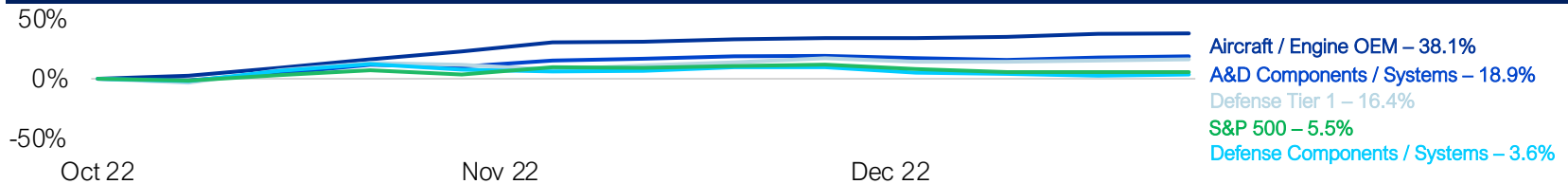
GREENWICH
CAPITAL GROUP

GCG INDUSTRY UPDATE | Aerospace & Defense

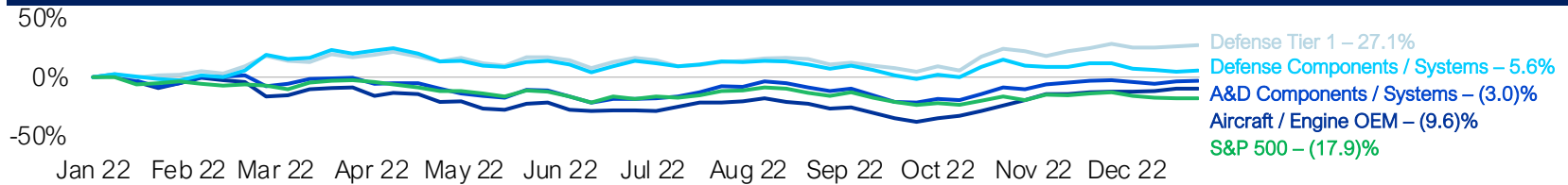
Recent Market News / Developments

- ❑ Boeing delivered 374 737 MAXs in 2022 with a preliminary target of 425-450 for 2023
- ❑ United Airlines ordered 100 787's with options for 100 more, with deliveries scheduled to begin in 2024 and continue through 2032
- ❑ COMAC delivered the 1st C919 To China Eastern
- ❑ NASA successfully launched the Artemis I uncrewed rocket into space, traveling around the moon and back to Earth
- ❑ The U.S. Air Force and Northrop Grumman unveiled the next generation of stealth, the B-21 Raider
- ❑ Textron won the FLRAA contest with its V-280 Valor
- ❑ President Biden signed the Fiscal 2023 NDAA into law allotting \$816.7 billion to the Department of Defense

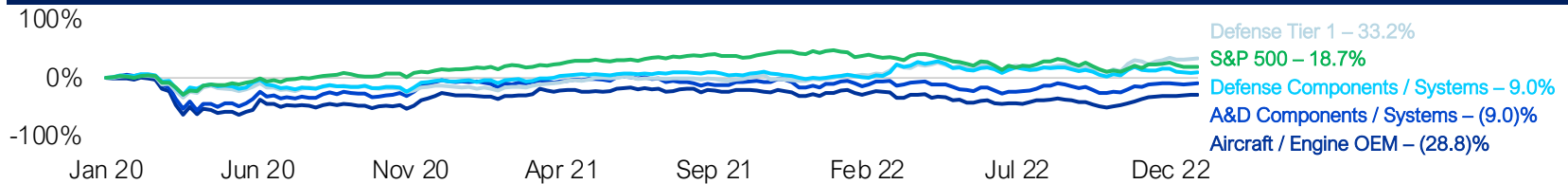
Aerospace & Defense Market Performance | Q4 2022



Aerospace & Defense Market Performance | 1 Year



Aerospace & Defense Market Performance | 3 Years



Source: S&P Capital IQ

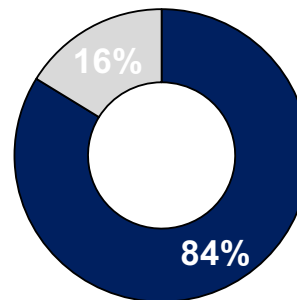
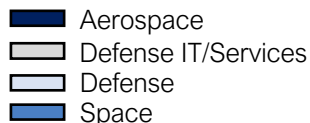
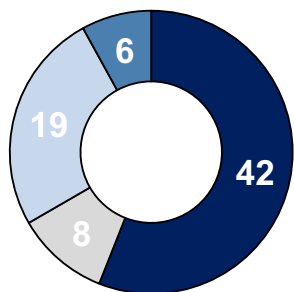
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 12/31/2022



GCG INDUSTRY UPDATE | Aerospace & Defense

M&A Activity

Q4 2022
Transaction Volume:
75



Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
12/22/2022	Akro Fireguard Products, Inc.	Integrated Polymer Solutions Group (Arcline Investment Management LP)	-	Designs and manufactures fire seal solutions and heat mitigation for business jet, commercial, and defense aerospace industries
12/09/2022	Continental Forge Company, Inc.	Forged Solutions Group Limited (Arlington Capital)	-	Manufactures and supplies aluminum forgings and parts to aerospace, commercial, and medical industries
12/08/2022	Applied Aerospace Structures, Corp.	Greenbriar Equity Group, L.P.	-	Engages in the design, fabrication, testing, and supply of lightweight engineered structures for the space and aircraft industry
12/08/2022	Grove Resource Solutions, Inc.	DLH Holdings Corp. (NasdaqCM:DLHC)	\$184	Provides information technology solutions to federal, military, and commercial clients
12/02/2022	Centric Machining Solutions LLC	Continuum Equity Partners	-	Manufactures CNC parts for defense, aerospace, specialty fastener, and electronics industries
11/30/2022	Whitcraft LLC	Dynamic Precision Group (The Carlyle Group; AE Industrial Partners, LP)	-	Manufactures precision formed and machined, and fabricated components and assemblies for aerospace, marine propulsion, and ground turbines
11/28/2022	Liteye Systems Inc.	Highlander Partners, L.P.	-	Designs, manufactures, and supplies unmanned aerial systems, helmet mounted display systems, radars, and imaging products to defense and security markets
11/17/2022	Steel Industries, Inc. (Ameriforge Group)	Forged Solutions Group Limited (Arlington Capital)	-	Engages in the manufacture of forged products for aerospace, power generation, oil and gas, transportation, and industrial markets
11/16/2022	Agile Defense, Inc.	Enlightenment Capital	-	Provides information technology services to federal government
10/24/2022	Hicks Machine Inc.	Sky Peak Capital	-	Provides tight tolerance and precision machining services to A&D, medical, microwave and commercial industries
10/24/2022	Precision Aerospace, Inc.	Essex Industries, Inc.	-	Manufactures aerospace components and semiconductor products
10/13/2022	CAES Space Systems (Cobham Advanced Electronic Solutions Inc.)	Veritas Capital Fund Management, L.L.C	-	Designs, manufactures, and supplies radiation-hardened microelectronic products and subsystems intended for space operations
10/11/2022	Ascension Engineering Group, LLC	Boecore, Inc. (Enlightenment Capital)	-	Provides space system engineering, operations, and procurement support services to the defense and military community
10/04/2022	York Space Systems LLC	AE Industrial Partners, LP	-	Provides complete solutions for mission design, spacecraft, launch, ground, and operations
10/03/2022	Connectronics, Inc.	Qnnect LLC (Arcline Investment Management LP)	-	Designs and manufactures high performance RF and microwave connectors and adapters for aerospace, telecom, military, and other applications

Source: Capital IQ and GCG research

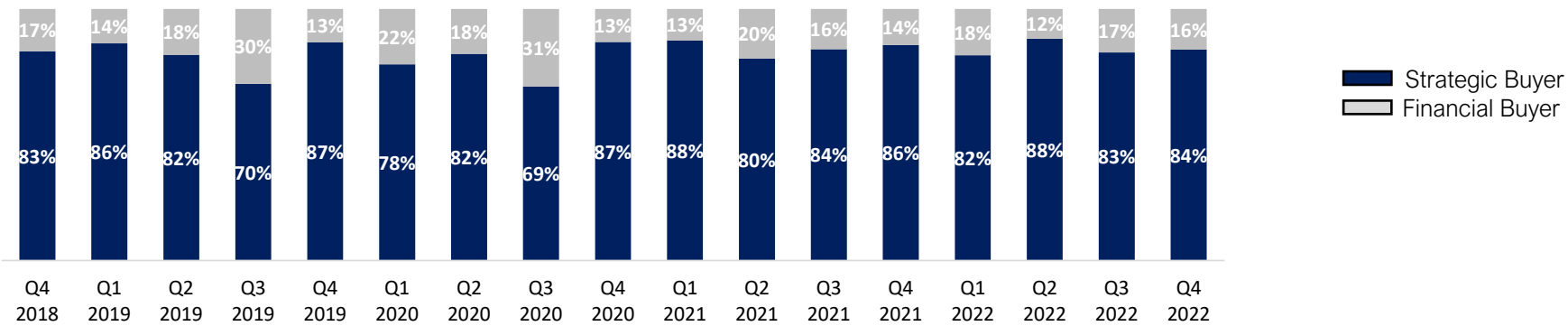
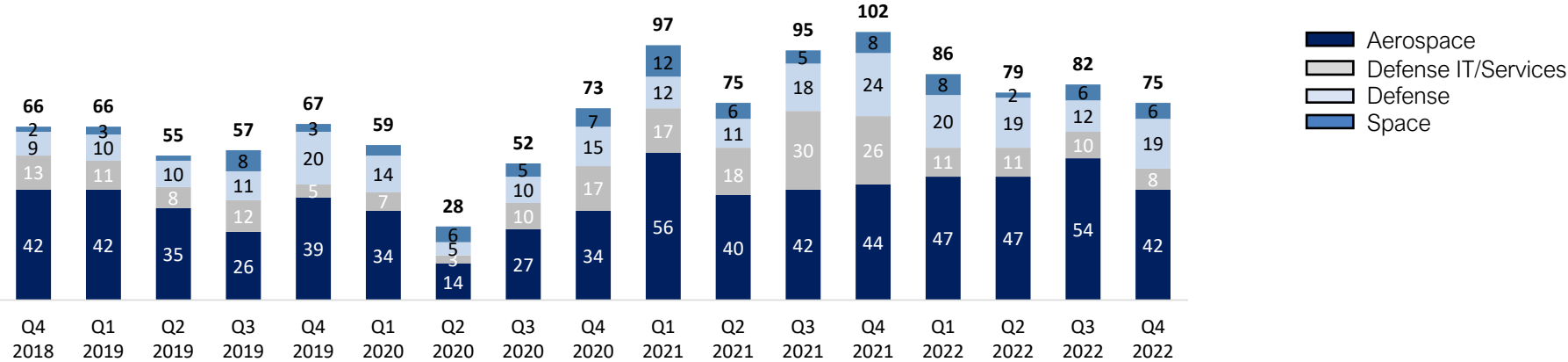
GCG INDUSTRY UPDATE | Q4 2022

Copyright © 2023 Greenwich Capital Group LLC, All rights reserved.



GCG INDUSTRY UPDATE | Aerospace & Defense

M&A Trends



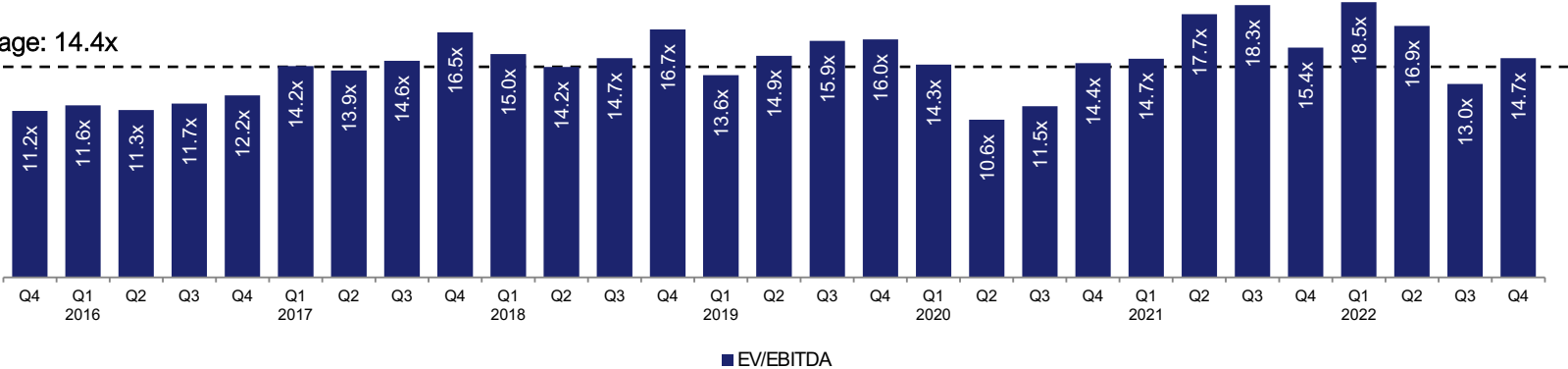
Source: S&P Capital IQ & GCG Research
 Note: All values based on publicly available data as of 12/31/2022



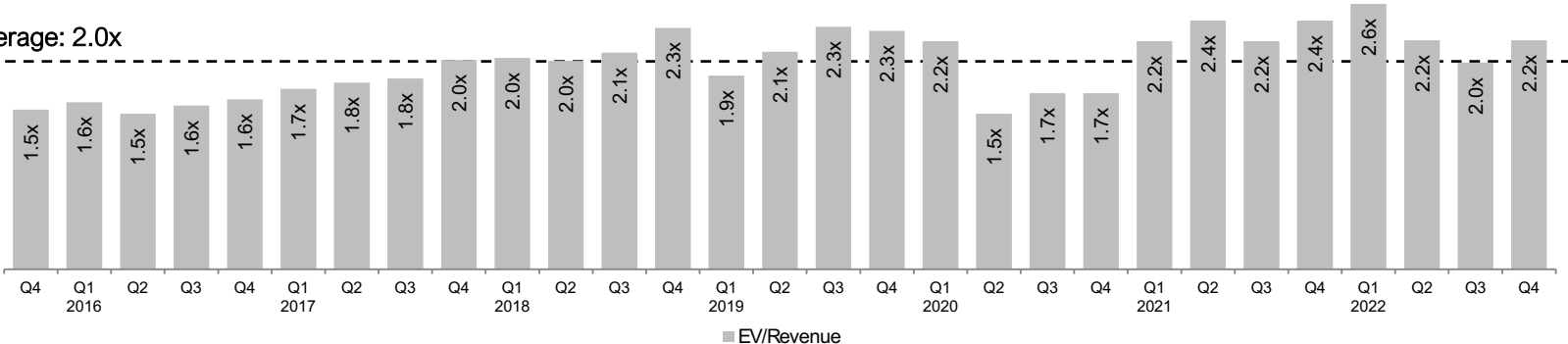
GCG INDUSTRY UPDATE | Aerospace & Defense

Public Company Trading Multiples

Average: 14.4x



Average: 2.0x



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 12/31/2022



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
Aircraft/Engine OEM								
The Boeing Company	\$156,555	\$61,421	57.3%	(5.4%)	1.5%	(4.4%)	2.5x	NM
Airbus SE	\$89,645	\$54,043	36.1%	(7.1%)	17.7%	12.1%	1.5x	12.0x
Textron Inc.	\$16,894	\$12,555	21.5%	(8.3%)	16.4%	12.0%	1.3x	10.7x
Rolls-Royce Holdings plc	\$15,890	\$14,167	44.8%	(32.5%)	20.4%	8.7%	1.1x	9.8x
MTU Aero Engines AG	\$12,282	\$4,901	42.9%	5.9%	16.2%	13.0%	2.3x	15.3x
Bombardier Inc.	\$9,231	\$6,029	114.4%	16.4%	18.4%	8.1%	1.5x	17.7x
Dassault Aviation Société anonyme	\$7,494	\$7,599	47.4%	56.5%	35.9%	9.7%	1.0x	6.7x
Embraer S.A.	\$3,787	\$3,746	25.8%	(39.2%)	18.8%	(2.5%)	1.0x	NM
Mean	\$29,765	\$20,558	48.8%	(1.7%)	18.2%	7.1%	1.5x	12.0x
Median	\$14,086	\$10,077	43.8%	(6.3%)	18.0%	9.2%	1.4x	11.4x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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
A&D Components/Systems								
Safran SA	\$54,039	\$17,977	35.5%	2.1%	50.0%	18.4%	2.9x	15.4x
TransDigm Group Incorporated	\$51,000	\$5,429	20.0%	(1.0%)	57.2%	45.5%	9.4x	20.5x
HEICO Corporation	\$18,831	\$2,208	6.7%	6.7%	39.1%	26.5%	8.5x	30.9x
Woodward, Inc.	\$6,467	\$2,383	20.4%	(11.7%)	22.0%	13.7%	2.7x	18.3x
Spirit AeroSystems Holdings, Inc.	\$6,313	\$4,780	35.0%	(31.3%)	2.5%	3.0%	1.3x	NM
Hexcel Corporation	\$5,660	\$1,509	13.8%	13.6%	21.7%	19.2%	3.8x	18.2x
Triumph Group, Inc.	\$2,170	\$1,363	22.5%	(43.2%)	26.8%	11.3%	1.6x	12.5x
AAR Corp.	\$1,722	\$1,844	25.3%	15.0%	18.5%	8.8%	0.9x	8.8x
Ducommun Incorporated	\$869	\$689	26.0%	6.8%	20.8%	11.1%	1.3x	10.8x
Senior plc	\$801	\$885	15.7%	(24.2%)	15.9%	8.3%	0.9x	9.5x
Astronics Corporation	\$502	\$493	31.0%	(14.2%)	11.2%	(3.0%)	1.0x	NM
Magellan Aerospace Corporation	\$449	\$546	46.8%	(6.1%)	5.3%	3.9%	0.8x	NM
Héroux-Devtek Inc.	\$446	\$383	8.9%	(31.7%)	14.9%	11.0%	1.2x	9.1x
Latécoère S.A.	\$371	\$461	(1.0%)	(41.8%)	35.5%	(8.5%)	0.8x	NM
Mean	\$10,689	\$2,925	21.9%	(11.5%)	24.4%	12.1%	2.7x	15.4x
Median	\$1,946	\$1,436	21.4%	(8.9%)	21.3%	11.0%	1.3x	13.9x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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
Defense Tier 1								
Raytheon Technologies Corporation	\$179,716	\$66,025	23.3%	17.3%	20.5%	17.2%	2.7x	15.1x
Lockheed Martin Corporation	\$136,546	\$64,722	25.9%	36.9%	13.0%	13.3%	2.1x	15.1x
Northrop Grumman Corporation	\$96,558	\$35,208	16.0%	41.0%	20.5%	24.4%	2.7x	10.7x
General Dynamics Corporation	\$78,612	\$38,848	16.9%	19.0%	16.9%	13.7%	2.0x	14.8x
BAE Systems plc	\$37,813	\$24,207	17.2%	38.5%	62.9%	10.7%	1.6x	12.6x
Huntington Ingalls Industries, Inc.	\$12,294	\$10,541	4.1%	23.5%	14.0%	10.9%	1.2x	9.8x
Leonardo S.p.a.	\$9,721	\$14,207	20.8%	20.2%	10.2%	9.9%	0.6x	5.5x
Saab AB (publ)	\$5,047	\$3,609	25.9%	54.7%	21.1%	10.1%	1.3x	11.7x
Mean	\$69,538	\$32,171	18.8%	31.4%	22.4%	13.8%	1.8x	11.9x
Median	\$58,213	\$29,707	19.0%	30.2%	18.7%	12.1%	1.8x	12.1x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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
Defense Components/Systems								
L3Harris Technologies, Inc.	\$46,994	\$16,834	0.2%	(2.4%)	29.5%	20.5%	2.8x	13.0x
Thales S.A.	\$28,145	\$17,541	15.1%	49.9%	25.0%	12.1%	1.6x	10.9x
Teledyne Technologies Incorporated	\$22,320	\$5,416	18.5%	(8.5%)	40.7%	22.4%	4.1x	17.7x
Elbit Systems Ltd.	\$8,460	\$5,499	(13.7%)	(5.3%)	24.9%	8.8%	1.5x	14.3x
Aerojet Rocketdyne Holdings, Inc.	\$4,498	\$2,179	39.9%	19.6%	15.4%	13.0%	2.1x	14.9x
Mercury Systems, Inc.	\$3,135	\$991	10.2%	(18.7%)	38.8%	15.6%	3.2x	18.5x
AeroVironment, Inc.	\$2,231	\$443	2.8%	38.1%	29.3%	9.6%	5.0x	41.1x
Kratos Defense & Security Solutions, Inc.	\$1,578	\$861	1.6%	(46.8%)	26.3%	4.6%	1.8x	29.8x
Chemring Group PLC	\$1,025	\$509	13.3%	(10.6%)	100.0%	17.3%	1.9x	10.9x
Espey Mfg. & Electronics Corp.	\$22	\$33	3.0%	(0.1%)	17.9%	7.9%	0.7x	8.3x
Mean	\$11,841	\$5,031	9.1%	1.5%	34.8%	13.2%	2.5x	18.0x
Median	\$2,683	\$1,585	6.6%	(3.8%)	27.8%	12.5%	2.0x	14.6x
Aerospace & Defense Mean	\$28,403	\$12,827	23.4%	2.3%	25.3%	11.7%	2.2x	14.7x
Aerospace & Defense Median	\$6,390	\$4,840	20.6%	(0.6%)	20.5%	11.0%	1.6x	12.8x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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.



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.

Disclaimer: This publication contains general information only and Greenwich Capital Group, LLC is not, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. Greenwich Capital Group, LLC shall not be responsible for any loss whatsoever sustained by any person who relies on this publication.