



INDUSTRY UPDATE

AEROSPACE & DEFENSE
Q1 2023



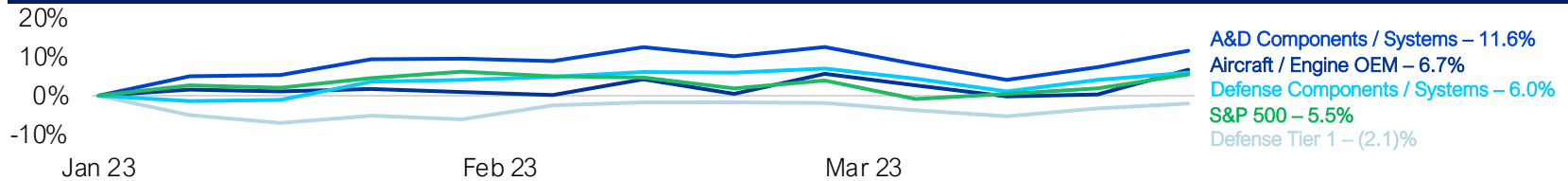
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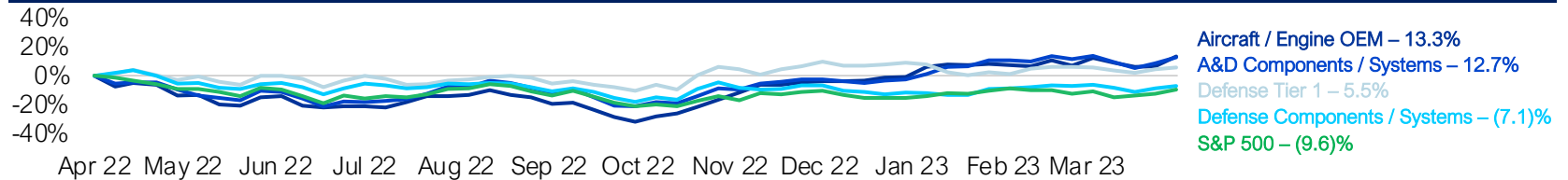
Recent Market News / Developments

- ❑ Mitsubishi Heavy Industries confirmed the end of the SpaceJet program
- ❑ Air India agreed to orders for 470 Airbus and Boeing aircraft (210 A320neo-family, 40 A350s, 190 737 MAXs, 20 787s and 10 777Xs)
- ❑ Universal Hydrogen Dash 8 completed first flight, targeting service debut in 2025
- ❑ President Biden proposed a 3.2% increase in DoD spending, allocating \$842 billion for Fiscal 2024
- ❑ Saudi Arabian flag carriers Riyadh Air and Saudia placed orders for up to a combined 121 787s in what could amount to the fifth largest commercial order by value in Boeing's history
- ❑ Japan Airlines signed deal for 21 Boeing 737 MAX aircraft

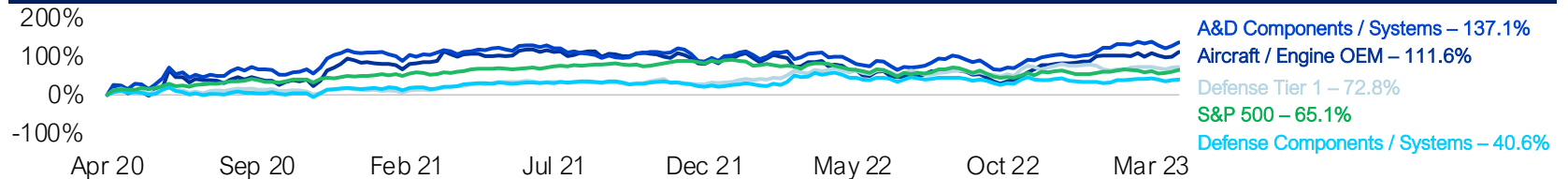
Aerospace & Defense Market Performance | Q1 2023



Aerospace & Defense Market Performance | 1 Year



Aerospace & Defense Market Performance | 3 Years



Source: S&P Capital IQ

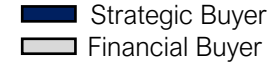
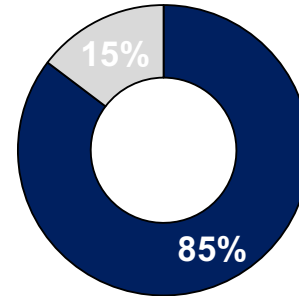
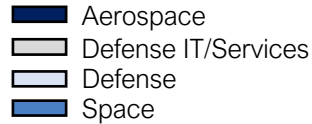
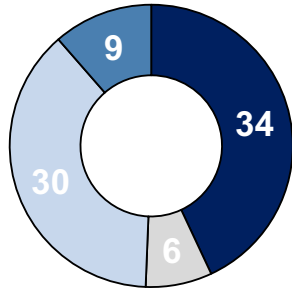
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 3/31/2023



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M&A Activity

Q1 2023
Transaction Volume:
79



Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
03/21/2023	BLR Aerospace, LLC	Ducommun Incorporated (NYSE:DCO)	-	Operates as an aerospace and defense company. It was founded in 1927 and is based in Everett, Washington
03/16/2023	General Robotics Ltd. (Singulariteam Ltd.)	Sig Sauer, Inc. (L&O Holding GmbH & Co. KG)	-	Engaged in the research, development and manufacture of advanced robotic platforms for defense and homeland security markets
03/14/2023	Calspan Corporation	TransDigm Group Incorporated (NYSE:TDG)	\$725	Provides engineering design, testing and research services to automotive and aerospace industries. Formerly known as Cornell Aeronautical Laboratory
03/14/2023	Whelan Machine & Tool, LLC	Ajax Defense, Inc.	-	Provides precision CNC and manual turning and milling solutions. The company was founded in 1989 and is based in Louisville, Kentucky
02/28/2023	D&R Machine Company, Inc.	Cadrex Manufacturing Solutions (CORE Industrial Partners, LLC)	-	Manufactures and markets general and precision machined components for aerospace and military industries
02/22/2023	Bettanini's Custom Manufacturing, Inc.	ARCH Medical Solutions Corp.	-	Manufactures CNC-machined components for surgical robotics, defense, aerospace and components markets
02/15/2023	Capability Analysis & Measurement Organization, LLC	LinQuest Corporation (Madison Dearborn Partners, LLC; CoVant Management, Inc.)	-	Operates as service-disabled veteran-owned small business (SDVOSB) for defense and space manufacturing
01/31/2023	Black Sage Technologies Inc. (Acorn Growth Companies, LLC)	Highlander Partners, L.P.	-	Manufactures, integrates and deploys counter-unmanned aircraft systems (C-UAS) solutions
01/27/2023	Cameron Tool Company, LLC	Tool Tech LLC (Enhanced Capital Partners, LLC)	-	Designs, manufactures and repairs tools and dies. It serves automotive, machine tool, aerospace, military and other industries
01/26/2023	Kittyhawk, Inc.	Trive Capital Management LLC (Walsh & Company Asset Management Pty Limited)	-	Provides hot isostatic pressing services for industries including space, commercial aerospace, defense and medical applications
01/18/2023	Compendium Federal Technology, LLC	Boathouse Capital	-	Operates as a technology and engineering services firm providing technical data and integrated logistics support for U.S. Navy and U.S. Air Force aviation systems
01/11/2023	Stanfordville Machine & Manufacturing, Inc.	CORE Industrial Partners, LLC	-	Supplies mechanical parts and assemblies. It caters to semiconductor, medical, aerospace, computer, electronics, instrument and packaging industries
01/11/2023	Dinsmore & Associates, Inc.	ADDMAN Engineering group (AIP, LLC)	-	Provides product design and development, prototyping and 3D printing services for the medical and aerospace industries among others
01/05/2023	Dzyne Technologies Incorporated	Highlander Partners, L.P.	-	Designs, develops and manufactures a cutting-edge unmanned aircraft systems (UAS) for the U.S. Department of Defense (DoD) and various other domestic and international government agencies
01/05/2023	Swiss American Screw Products, Inc.	Townsend Street Capital, LLC	-	Manufactures tolerance parts and components for medical, aerospace and other industries. It incorporated in 1962 and is based in Canton, Michigan

Source: Capital IQ and GCG research

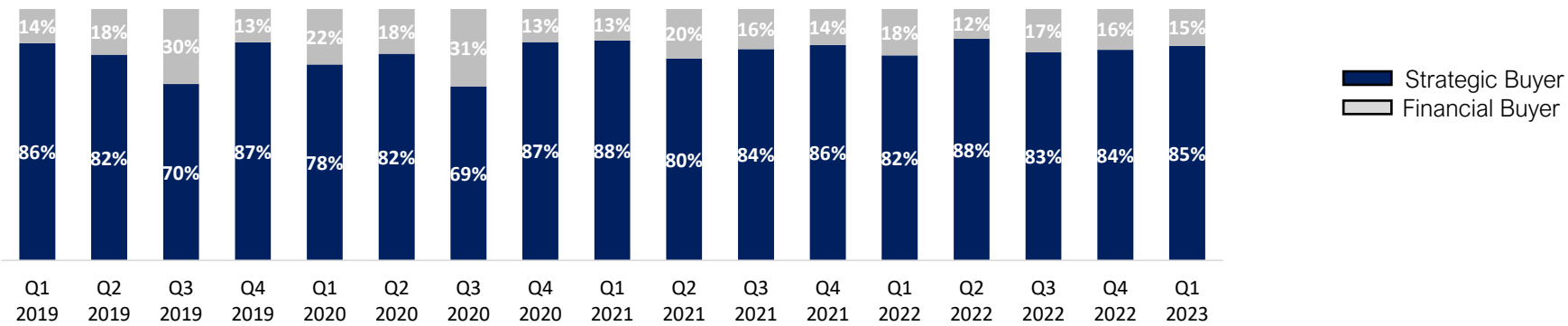
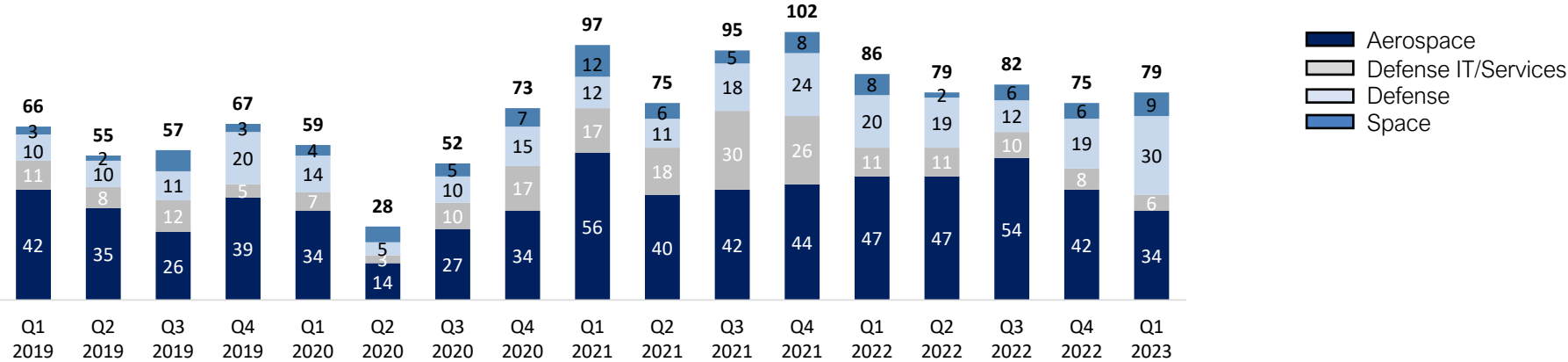
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M&A Trends



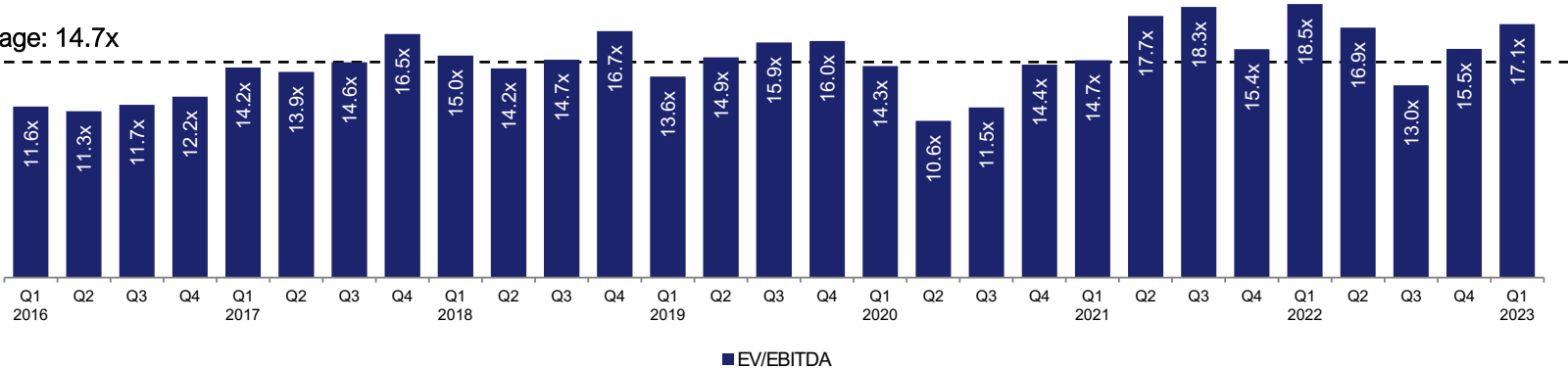
Source: S&P Capital IQ & GCG Research
 Note: All values based on publicly available data as of 3/31/2023



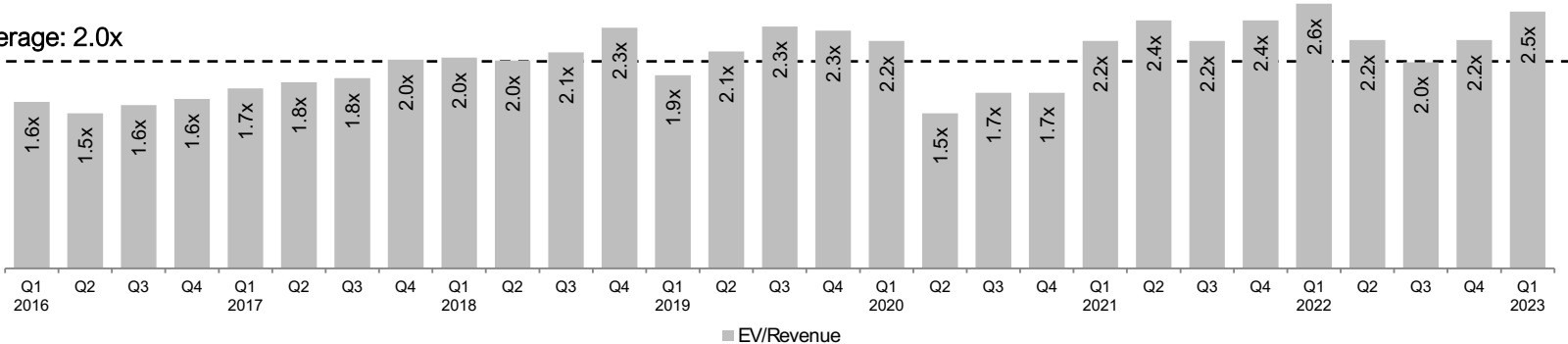
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Public Company Trading Multiples

Average: 14.7x



Average: 2.0x



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 3/31/2023



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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	\$168,680	\$66,608	11.5%	11.4%	8.7%	2.5%	2.5x	NM
Airbus SE	\$99,571	\$62,801	12.9%	9.3%	17.8%	12.8%	1.6x	11.6x
Rolls-Royce Holdings plc	\$19,727	\$16,290	64.2%	41.5%	20.4%	9.5%	1.2x	9.9x
Textron Inc.	\$16,359	\$12,869	(0.2%)	(3.3%)	16.0%	11.7%	1.3x	10.4x
MTU Aero Engines AG	\$14,095	\$5,696	15.9%	9.1%	16.9%	12.4%	2.4x	17.1x
Bombardier Inc.	\$10,661	\$6,913	41.2%	90.8%	18.2%	8.8%	1.5x	16.8x
Dassault Aviation Société anonyme	\$9,824	\$7,428	17.3%	25.3%	100.0%	10.2%	1.3x	9.1x
Embraer S.A.	\$4,273	\$4,436	51.7%	28.1%	20.1%	1.0%	0.9x	NM
Mean	\$32,889	\$22,880	26.8%	26.5%	27.2%	8.6%	1.6x	12.5x
Median	\$15,227	\$10,148	16.6%	18.4%	18.0%	9.9%	1.4x	11.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2023



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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	\$63,790	\$21,026	18.7%	25.6%	47.8%	19.0%	3.0x	15.0x
TransDigm Group Incorporated	\$56,738	\$5,632	17.1%	10.5%	57.5%	46.2%	10.1x	21.6x
HEICO Corporation	\$21,550	\$2,339	11.3%	11.3%	39.2%	26.8%	9.2x	33.2x
Spirit AeroSystems Holdings, Inc.	\$6,935	\$5,030	16.7%	(29.5%)	1.2%	0.3%	1.4x	NM
Woodward, Inc.	\$6,577	\$2,460	0.8%	(22.1%)	21.5%	13.2%	2.7x	18.8x
Hexcel Corporation	\$6,414	\$1,578	16.0%	13.8%	22.6%	18.4%	4.1x	20.5x
Triumph Group, Inc.	\$2,245	\$1,372	10.2%	(55.0%)	26.7%	10.9%	1.6x	13.4x
AAR Corp.	\$2,048	\$1,913	21.5%	12.2%	18.4%	8.5%	1.1x	10.3x
Senior plc	\$1,016	\$1,022	28.8%	18.2%	3.8%	8.3%	1.0x	10.2x
Ducommun Incorporated	\$903	\$713	9.5%	2.6%	20.3%	10.9%	1.3x	10.2x
Astronics Corporation	\$581	\$535	29.7%	2.6%	12.2%	(1.3%)	1.1x	NM
Latécoère S.A.	\$476	\$502	(31.5%)	(52.2%)	35.4%	2.4%	0.9x	NM
Héroux-Devtek Inc.	\$442	\$395	(0.5%)	(26.9%)	14.3%	9.8%	1.1x	9.8x
Magellan Aerospace Corporation	\$338	\$565	(25.0%)	(29.3%)	4.6%	3.4%	0.6x	15.2x
Mean	\$12,147	\$3,220	8.8%	(8.4%)	23.3%	12.6%	2.8x	16.2x
Median	\$2,147	\$1,475	13.6%	2.6%	20.9%	10.3%	1.3x	15.0x

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	\$172,011	\$67,074	(3.0%)	(2.2%)	20.4%	16.9%	2.6x	14.6x
Lockheed Martin Corporation	\$134,418	\$65,984	(2.8%)	6.0%	12.7%	13.1%	2.0x	14.9x
Northrop Grumman Corporation	\$82,327	\$36,602	(15.4%)	1.5%	20.4%	21.0%	2.2x	10.2x
General Dynamics Corporation	\$73,453	\$39,407	(8.0%)	(5.9%)	16.8%	13.9%	1.9x	12.5x
BAE Systems plc	\$42,063	\$25,614	17.9%	29.9%	66.2%	11.9%	1.6x	11.7x
Huntington Ingalls Industries, Inc.	\$10,987	\$10,676	(10.3%)	2.2%	13.5%	10.8%	1.0x	8.7x
Leonardo S.p.a.	\$10,695	\$15,724	36.5%	17.2%	11.4%	9.3%	0.7x	6.7x
Saab AB (publ)	\$7,795	\$4,030	54.7%	67.5%	21.2%	10.1%	1.9x	17.2x
Mean	\$66,719	\$33,139	8.7%	14.5%	22.8%	13.4%	1.7x	12.1x
Median	\$57,758	\$31,108	(2.9%)	4.1%	18.6%	12.5%	1.9x	12.1x

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.	\$44,390	\$17,062	(5.7%)	(22.5%)	28.9%	16.8%	2.6x	14.6x
Thales S.A.	\$31,544	\$18,776	16.2%	19.2%	25.4%	12.9%	1.7x	10.9x
Teledyne Technologies Incorporated	\$24,468	\$5,459	11.9%	(5.7%)	42.7%	24.1%	4.5x	18.0x
Elbit Systems Ltd.	\$8,575	\$5,512	3.4%	(22.4%)	24.9%	8.3%	1.6x	15.9x
Aerojet Rocketdyne Holdings, Inc.	\$4,547	\$2,238	0.4%	39.7%	14.8%	12.2%	2.0x	15.8x
Mercury Systems, Inc.	\$3,494	\$1,000	14.3%	(22.2%)	37.8%	14.7%	3.5x	21.5x
AeroVironment, Inc.	\$2,417	\$487	7.0%	(2.8%)	33.2%	12.9%	5.0x	32.2x
Kratos Defense & Security Solutions, Inc.	\$1,997	\$898	30.6%	(34.9%)	25.2%	3.9%	2.2x	40.6x
Chemring Group PLC	\$984	\$509	(4.1%)	(18.9%)	100.0%	17.3%	1.8x	10.2x
Espey Mfg. & Electronics Corp.	\$33	\$35	42.6%	46.1%	20.2%	11.6%	1.0x	8.4x
Mean	\$12,245	\$5,197	11.7%	(2.4%)	35.3%	13.5%	2.6x	18.8x
Median	\$2,956	\$1,619	9.4%	(12.3%)	27.1%	12.9%	2.1x	15.8x
Aerospace & Defense Mean	\$29,236	\$13,630	13.1%	4.7%	27.0%	12.2%	2.3x	17.2x
Aerospace & Defense Median	\$7,181	\$5,244	12.4%	4.3%	20.4%	11.6%	1.6x	14.6x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2023



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 LLC ("GCG") is a leading investment bank that advises clients including closely-held and family-owned businesses, private equity firms, and public companies. GCG's senior bankers have collectively advised on hundreds of transactions over many years of experience in mergers and acquisitions, with most having backgrounds with large U.S. and global firms. GCG is focused on advising clients in key industry verticals throughout the U.S.

GCG was founded by entrepreneurially minded investment banking professionals focused on building an organization centered around advising clients. We strive to build relationships by representing our clients' long-term interests and earning their trust. In contrast to the practice of pushing transaction responsibilities to junior resources, our philosophy is to deliver personalized, senior-level attention and experience to every GCG engagement. We are proud to offer references that will speak to a differentiated level of service and results. For additional perspective or to discuss M&A related opportunities in the aerospace and defense sector, please reach out to GCG's Aerospace & Defense practice leader, Peter Frankfort. For more information, please visit www.greenwichgp.com.

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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