



INDUSTRY UPDATE

AEROSPACE & DEFENSE
Q2 2023



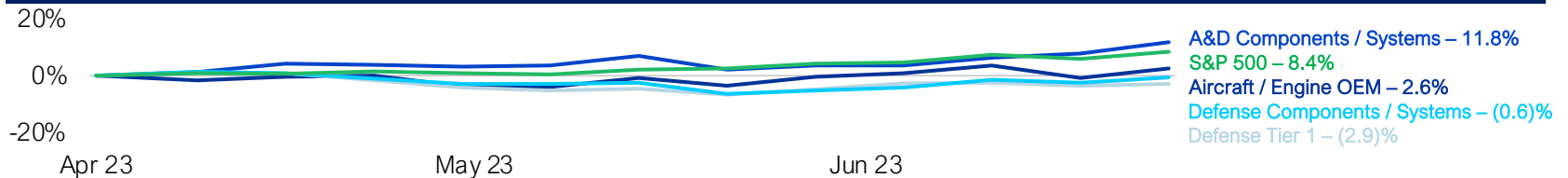
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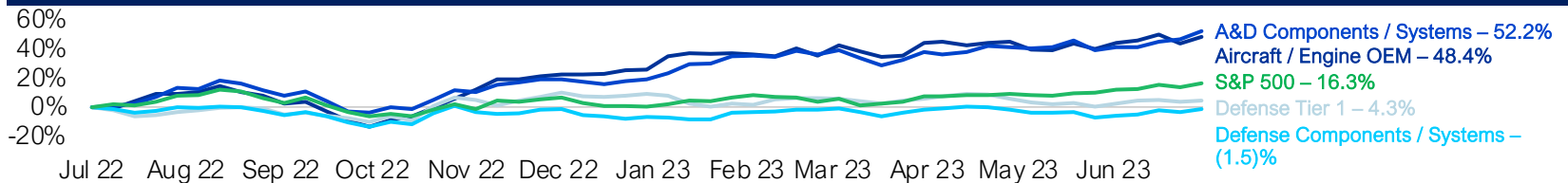
Recent Market News / Developments

- ❑ Airbus announced it would double capacity at its Tianjin, China plant by adding a second final assembly line as it aims to produce 75 A320neo family aircraft a month in 2026
- ❑ Virgin Orbit filed for bankruptcy after failed launch and lack of funding
- ❑ Ryanair placed a firm order for 150 Boeing 737-10 aircraft for delivery between 2027 and 2033
- ❑ Congress endorsed a 3.3% increase in the defense budget for fiscal year 2024, allocating \$886 billion
- ❑ The Paris Air show returned after a 4-year hiatus; including an IndiGo order for 500 Airbus A320 family aircraft, believed to be the largest ever single purchase agreement

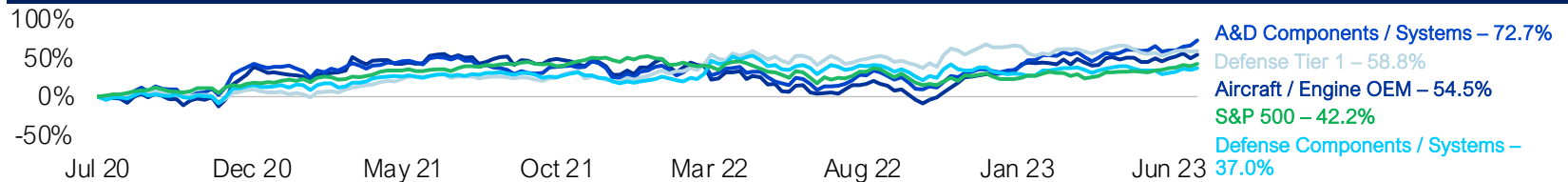
Aerospace & Defense Market Performance | Q2 2023



Aerospace & Defense Market Performance | 1 Year



Aerospace & Defense Market Performance | 3 Years



Source: S&P Capital IQ

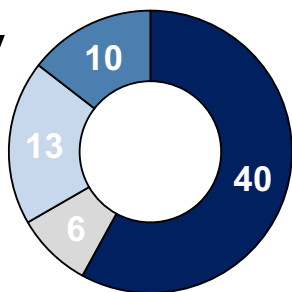
Note: Benchmark index for comparison is S&P 500. All values based on publicly available data as of 6/30/2023



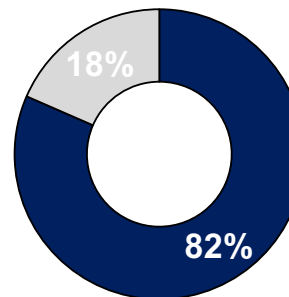
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M&A Activity

Q2 2023
Transaction
Volume:
69



- Aerospace
- Defense IT/Services
- Defense
- Space



- Strategic Buyer
- Financial Buyer

Select Transactions:

Announced	Target / Seller	Buyer	Transaction Value (\$mm)	Target Description
06/27/2023	Vulcan Machine, LLC	Prince Industries (HC Private Investments, HC Technologies, Isleworth Capital Partners)	-	Operates a CNC manufacturing facility that manufactures tolerance precision machined parts for aerospace and defense customers
06/14/2023	Pegasus Steel, LLC	Arlington Management Employees	-	Provides cutting and forming of carbon sheet and heavy steel, stainless and aluminum plates for defense contracting and other industries
06/13/2023	International Water-Guard Industries (BASE Equity Partners)	Arcline Investment Management LP	-	Provides aircraft water treatment and water system solutions and components. It serves commercial aircraft, business jet manufacturers, corporate and VIP aviation community and military transport operators
06/05/2023	Avon Machining, LLC	Auxo Investment Partners	-	Manufactures and supplies precision parts for heavy-equipment industries including aerospace and defense. Founded in 1974 and is based in MI
06/05/2023	Xactra Technologies, Inc.	Global Precision Products (Aldine Capital, Doherty Associates, Touchpoint Capital)	-	Manufactures precision machined components intended for the optical and photonics markets including within aerospace and defense
06/05/2023	CIRCOR International, Inc. (NYSE:CIR)	KKR & Co. Inc. (NYSE:KKR)	\$1,717	Designs, manufactures and distributes flow and motion control products for military and defense, aerospace and general industrial markets
06/01/2023	ERA Industries, Inc.	L Squared Capital Partners	-	Contract manufacturer for precision machining and assemblies. It serves the aerospace, military, medical, semiconductor and transportation industries
05/30/2023	JBT AeroTech Corporation (John Bean Technologies)	Oshkosh Corporation (NYSE:OSK)	\$800	Provider of airport ground support equipment (GSE), gate equipment, military AGE, iOPS, aircraft tugs and other airport services
05/23/2023	KSM Electronics Inc.	NAI Group (Burdette Capital Management, PPC Investment Partners)	-	Provides electronic design, engineering, production and contract manufacturing services the security, medical, communications, aerospace/avionics, automotive, military and other industries
05/15/2023	Wencor Group, LLC (Warburg Pincus)	HEICO Corporation (NYSE:HEI)	\$2,050	Provides design, distribution and repair solutions for airlines, repair stations, OEMs, personal aircraft and militaries worldwide
05/04/2023	Desser Holding Company LLC	VSE Aviation, Inc (VSE Corporation (NasdaqGS:VSEC))	\$124	Distributes aviation tires, tubes, brakes and batteries, and offers component MRO services
04/27/2023	B.J.G Electronics, Inc. (Rockwood Equity, Ingleside Investors)	Fastener Distribution Holdings. LLC (Audax)	-	Supplies and manufacturers interconnect and electromechanical products to the A&D industry among others
04/10/2023	Pinnacle Solutions, Inc.	Akima (NANA Development Corporation)	-	Provides simulation and training solutions to the Department of Defense, training system contractors and weapon system original equipment manufacturers
04/04/2023	Maclean Precision Machine Co., Inc.	Excelus Manufacturing Solutions (Sky Peak Capital)	-	Manufactures and sells machined parts to the aerospace, defense and semiconductor industries
04/03/2023	Verus Technology Group, Inc.	BlueHalo (Arlington Management Employees)	-	Develops and manufactures counter-Unmanned Aerial Systems (c-UAS) products and security technology

Source: Capital IQ and GCG research

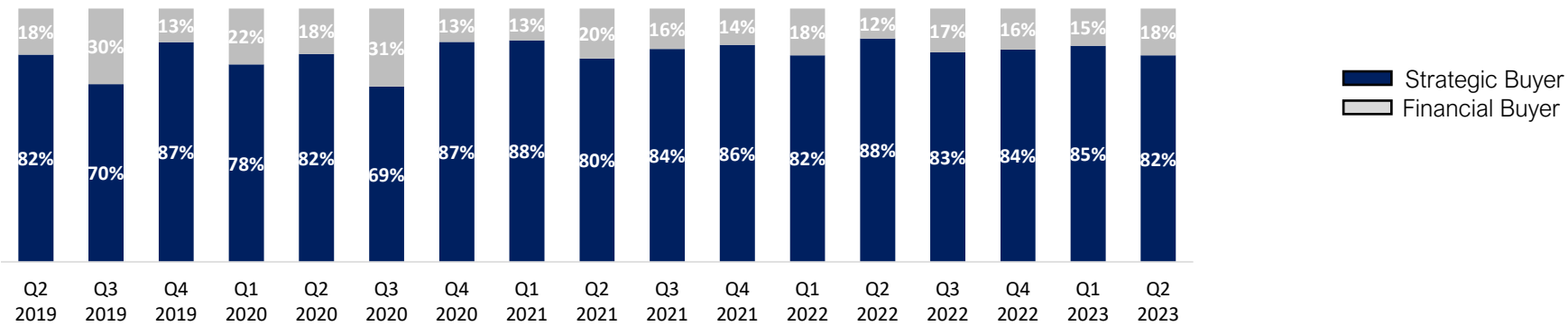
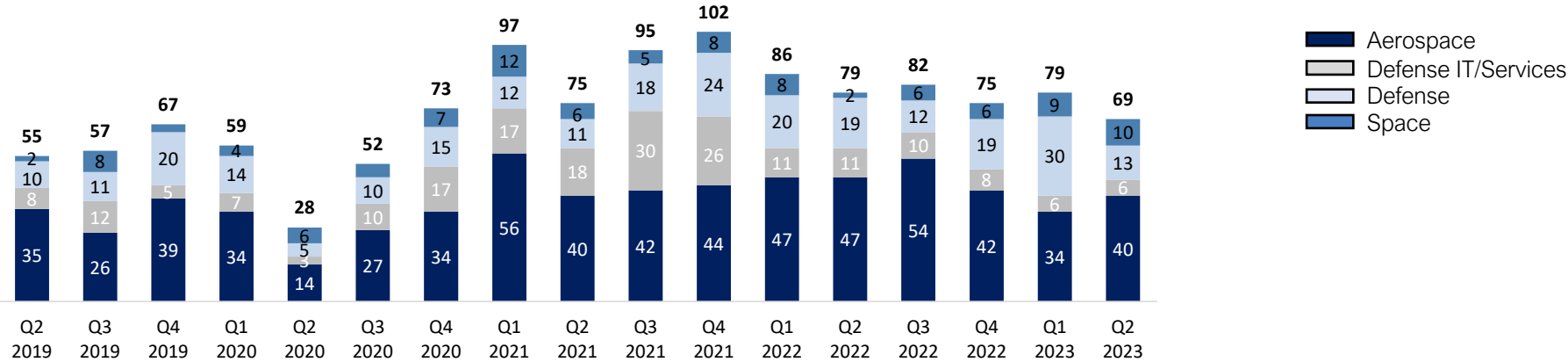
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M&A Trends

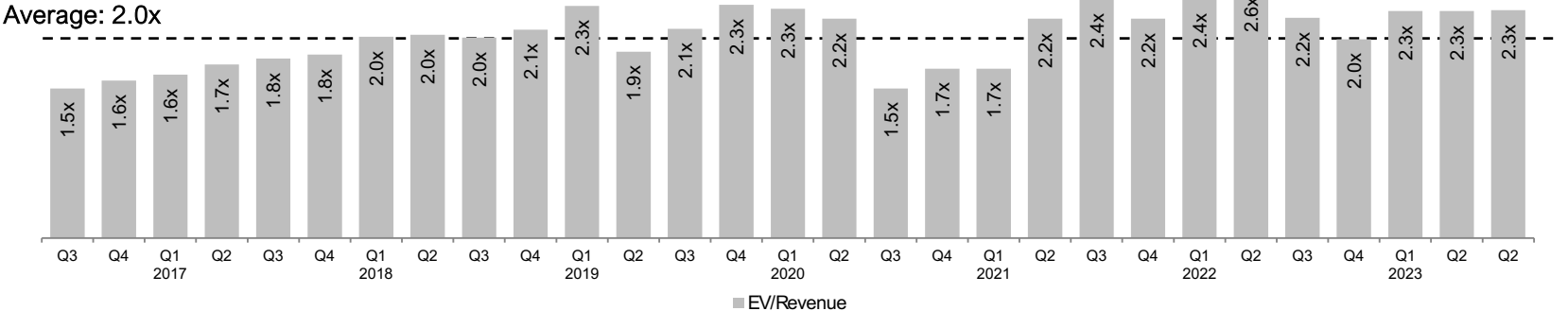
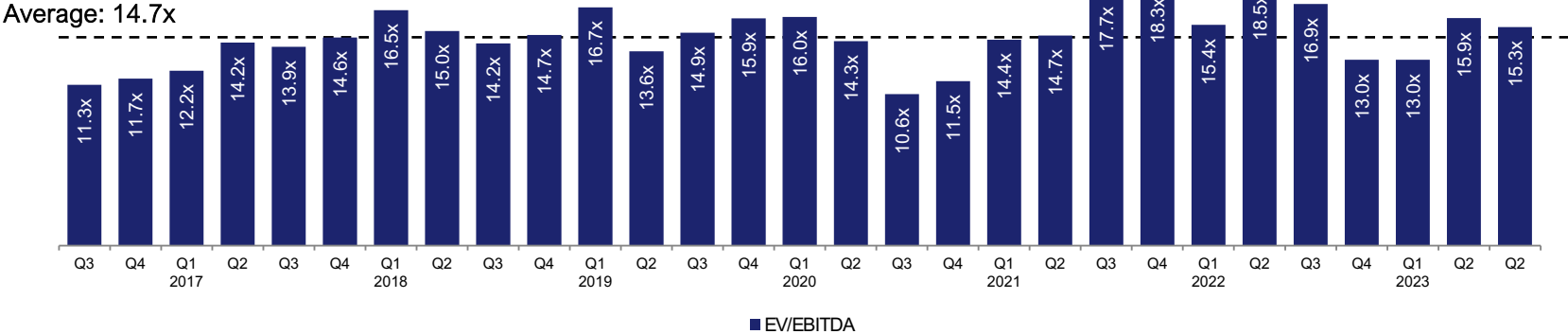


Source: S&P Capital IQ & GCG Research
 Note: All values based on publicly available data as of 6/30/2023



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Public Company Trading Multiples



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 6/30/2023



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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	\$167,680	\$70,538	(0.6%)	51.0%	9.7%	2.9%	2.4x	NM
Airbus SE	\$109,498	\$63,588	7.9%	45.9%	17.1%	11.6%	1.7x	14.0x
Rolls-Royce Holdings plc	\$20,479	\$16,290	4.1%	85.4%	20.4%	9.5%	1.2x	10.1x
Textron Inc.	\$15,854	\$12,892	(4.2%)	10.7%	15.8%	11.6%	1.2x	10.2x
MTU Aero Engines AG	\$14,626	\$5,696	3.4%	40.5%	16.9%	12.4%	2.5x	17.7x
Bombardier Inc.	\$10,043	\$7,120	(9.6%)	229.7%	18.4%	9.2%	1.4x	14.3x
Dassault Aviation société anonyme	\$6,220	\$6,831	0.9%	27.7%	22.9%	10.5%	0.8x	5.4x
Embraer S.A.	\$4,544	\$4,759	(6.4%)	72.6%	19.4%	(0.5%)	0.9x	NM
Mean	\$33,541	\$23,464	(0.5%)	70.4%	17.6%	8.4%	1.5x	11.9x
Median	\$15,240	\$10,006	0.2%	48.4%	17.8%	10.0%	1.3x	12.1x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2023



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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	\$66,599	\$21,026	5.6%	58.3%	47.8%	19.0%	3.1x	15.6x
TransDigm Group Incorporated	\$66,555	\$5,897	21.3%	65.1%	58.2%	47.1%	11.3x	23.8x
HEICO Corporation	\$22,266	\$2,488	3.4%	3.4%	39.1%	26.9%	8.9x	32.1x
Woodward, Inc.	\$7,894	\$2,591	22.1%	27.2%	21.4%	11.9%	3.0x	23.4x
Hexcel Corporation	\$7,077	\$1,645	11.4%	43.9%	24.2%	19.5%	4.3x	20.6x
Spirit AeroSystems Holdings, Inc.	\$6,470	\$5,286	(15.5%)	(3.8%)	0.3%	(1.5%)	1.2x	NM
Triumph Group, Inc.	\$2,293	\$1,379	6.7%	(7.5%)	28.1%	14.1%	1.7x	11.2x
AAR Corp.	\$2,158	\$1,991	5.9%	37.5%	18.6%	8.5%	1.1x	10.9x
Senior plc	\$1,140	\$1,022	14.8%	58.6%	17.6%	8.3%	1.1x	11.1x
Ducommun Incorporated	\$901	\$730	(20.4%)	(0.7%)	20.4%	10.9%	1.2x	9.8x
Astronics Corporation	\$826	\$575	48.7%	91.0%	13.7%	0.0%	1.4x	NM
Héroux-Devtek Inc.	\$521	\$402	19.8%	7.6%	13.5%	9.6%	1.3x	11.9x
Latécoère S.A.	\$461	\$502	(13.4%)	(46.0%)	36.0%	(5.0%)	0.9x	NM
Magellan Aerospace Corporation	\$399	\$591	13.6%	8.3%	5.8%	4.4%	0.7x	13.4x
Mean	\$13,254	\$3,295	8.9%	24.5%	24.6%	12.4%	2.9x	16.7x
Median	\$2,225	\$1,512	9.1%	17.8%	20.9%	10.2%	1.4x	13.4x

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	\$174,643	\$68,572	0.0%	1.0%	20.5%	17.3%	2.5x	14.1x
Lockheed Martin Corporation	\$129,752	\$66,146	(2.6%)	6.2%	12.9%	13.1%	2.0x	14.3x
Northrop Grumman Corporation	\$82,578	\$37,106	(1.3%)	(6.3%)	20.4%	20.2%	2.3x	10.2x
General Dynamics Corporation	\$68,978	\$39,896	(5.7%)	(3.9%)	16.6%	13.3%	1.7x	12.1x
BAE Systems plc	\$44,160	\$25,614	(3.1%)	16.8%	66.2%	11.9%	1.6x	11.9x
Huntington Ingalls Industries, Inc.	\$11,883	\$10,774	9.9%	3.0%	13.4%	10.3%	1.1x	9.6x
Leonardo S.p.a.	\$11,199	\$16,016	(3.5%)	10.6%	11.6%	9.4%	0.7x	7.1x
Saab AB (publ)	\$6,620	\$4,275	(11.3%)	34.4%	21.1%	10.4%	1.6x	15.0x
Mean	\$66,227	\$33,550	(2.2%)	7.7%	22.8%	13.2%	1.7x	11.8x
Median	\$56,569	\$31,360	(2.9%)	4.6%	18.5%	12.5%	1.7x	12.0x

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 Components/Systems								
L3Harris Technologies, Inc.	\$47,360	\$17,430	(0.2%)	(19.5%)	27.8%	15.9%	2.7x	16.1x
Thales S.A.	\$31,890	\$18,776	1.1%	19.9%	25.7%	13.2%	1.7x	10.8x
Teledyne Technologies Incorporated	\$22,500	\$5,521	(8.1%)	8.3%	42.6%	24.1%	4.1x	16.9x
Elbit Systems Ltd.	\$10,361	\$5,552	22.5%	(8.1%)	25.4%	8.9%	1.9x	18.0x
Aerojet Rocketdyne Holdings, Inc.	\$4,481	\$2,293	(2.3%)	33.3%	14.1%	11.5%	2.0x	16.1x
AeroVironment, Inc.	\$2,693	\$541	11.6%	19.1%	34.2%	13.6%	5.0x	32.8x
Mercury Systems, Inc.	\$2,531	\$1,010	(32.3%)	(46.0%)	36.5%	13.2%	2.5x	16.9x
Kratos Defense & Security Solutions, Inc.	\$2,148	\$934	6.4%	2.9%	25.0%	4.1%	2.3x	41.2x
Chemring Group PLC	\$1,052	\$546	4.6%	(6.6%)	100.0%	16.4%	1.9x	11.3x
Espey Mfg. & Electronics Corp.	\$23	\$36	(17.3%)	17.5%	20.2%	11.6%	0.6x	5.5x
Mean	\$12,504	\$5,264	(1.4%)	2.1%	35.2%	13.3%	2.5x	18.6x
Median	\$2,612	\$1,652	0.4%	5.6%	26.7%	13.2%	2.1x	16.5x
Aerospace & Defense Mean	\$29,734	\$13,888	2.2%	24.7%	25.7%	12.0%	2.3x	17.3x
Aerospace & Defense Median	\$7,098	\$5,404	1.0%	13.7%	20.4%	11.6%	1.7x	14.1x

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 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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Peter Frankfort

Managing Director

Aerospace & Defense Leader

pfrankfort@greenwichgp.com

O: (216) 245-6698

M: (313) 919-5592