



Aerospace & Defense

Q3 2024

Industry Trends

In late July, Boeing released its 2024 Commercial Market Outlook (CMO) which predicts that air travel demand will outpace economic growth through 2043, with emerging markets and global single-aisle demand remaining the primary growth drivers for the industry. Highlights from the CMO include:

- The global commercial fleet is projected to grow 3.2% annually, more slowly than air traffic, as airlines continue to boost productivity by increasing load factors and using airplanes more hours per day.
- Single-aisle airplanes will make up 71% of the 2043 fleet after 33,380 new deliveries. The global widebody fleet will more than double, with twin-aisles comprising 44% of the Middle East fleet.
- Eurasia is projected to lead all markets with the most airplane deliveries (22% of total) with North America (20%) and China (20%) close behind.
- Anticipated demand for commercial services valued at \$4.4 trillion

1

Boeing Strike and Near-Term Impacts to Supply Chain

Over 33,000 West Coast machinists went on strike from Sep-13 to Nov-6. The strike ended with a 43% pay increase over four years and a larger signing bonus. Previously, the union rejected two contract offers from Boeing. During the strike, Boeing is estimated to have lost \$6.5B, the striking workers \$600M, and the U.S. economy \$11.5B – drawing involvement from the Secretary of Labor. Perhaps the largest impact may have been on the estimated 12,000 suppliers who likely experienced disruptions to orders, production and shipments which may continue into 2025.



2

Airlines Investing in Faster In-Flight WiFi from SpaceX's Starlink and Others

United Airlines announced it will offer in-flight Wi-Fi for free using Starlink, the biggest in-flight internet deal yet for the satellite service provider. The team-up comes as airlines have been investing in faster in-flight Wi-Fi, sometimes offering it for free, in a bid to attract higher-paying customers like business travelers. United currently offers in-flight internet from a variety of providers, including ViaSat and Panasonic, inclusive of a passenger service fee. United is moving to low Earth orbit satellites because they are closer to the aircraft than those in a geosynchronous orbit, and hence can offer lower latencies, more capacity, and higher speeds.



3

2025 Defense Spending Bill Delayed Until After the Election / CR at 2024 Level

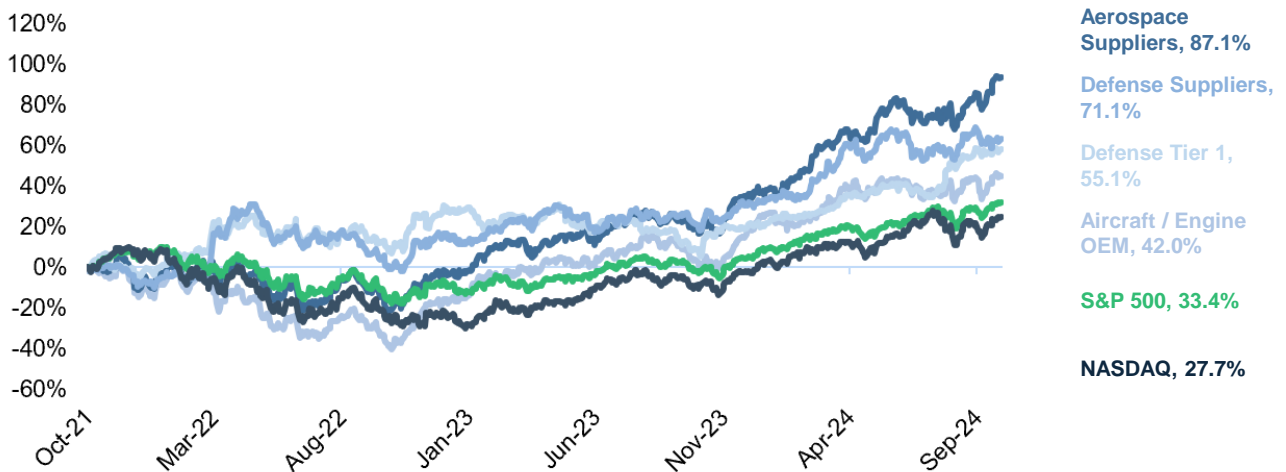
As of September, the U.S. House Armed Services Committee suggested Congress will eventually finalize plans for the FY 2025 U.S. defense budget at \$833 billion. Most recently, the FY 2025 Defense Appropriations Act was approved by the U.S. Senate in August. It provided \$852 billion in total funding—a \$27.2 billion, or 3.3% increase over fiscal year 2024. Back in March, the Biden administration submitted its FY 2025 budget to Congress, requesting a total of \$895 billion in discretionary funding for national defense.



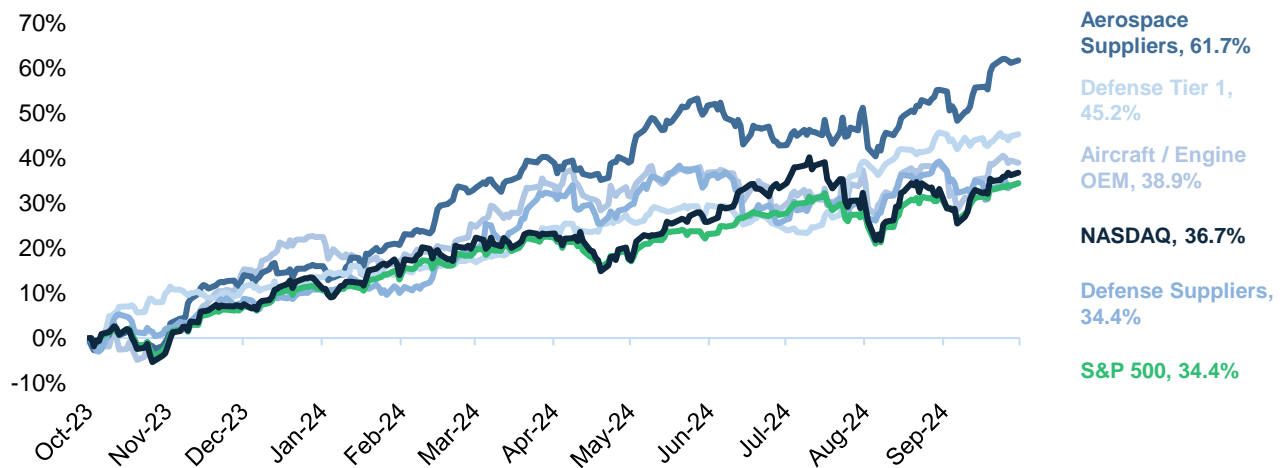
Public Market Performance

All sectors within the A&D industry experienced continued growth quarter-over-quarter. The Senate Armed Services Committee suggested Congress will eventually finalize the FY25 U.S. defense budget at \$833B, surpassing last year's debt ceiling spending limits and instilling confidence in A&D industry investors. Boeing experienced challenges related to the West Coast machinists strike, 777X program delays, and the CST-100 Starliner spacecraft failing to bring astronauts back to earth (NASA instead turned to SpaceX). Airbus announced in July a reduction in production targets in 2024, citing supply chain constraints and job cuts in October. OEM challenges are expected to have cascading impacts to other industry participants. Nevertheless, the Aerospace Suppliers segment has seen the best performance over the last 12 months (LTM) with Howmet Aerospace leading the returns at 118%, driven by repeated earnings outperformance and a strong backlog. All A&D sectors have outperformed the S&P 500 and NASDAQ indices over the 3-year period ending September 30, 2024. This performance highlights the resilience and opportunity in the sector, positioning it well for sustained future growth.

A&D Industry vs. S&P 500 & Nasdaq Composite Index Chart – 3 Years



A&D Industry vs. S&P 500 & Nasdaq Composite Index Chart – LTM



Source: Pitchbook

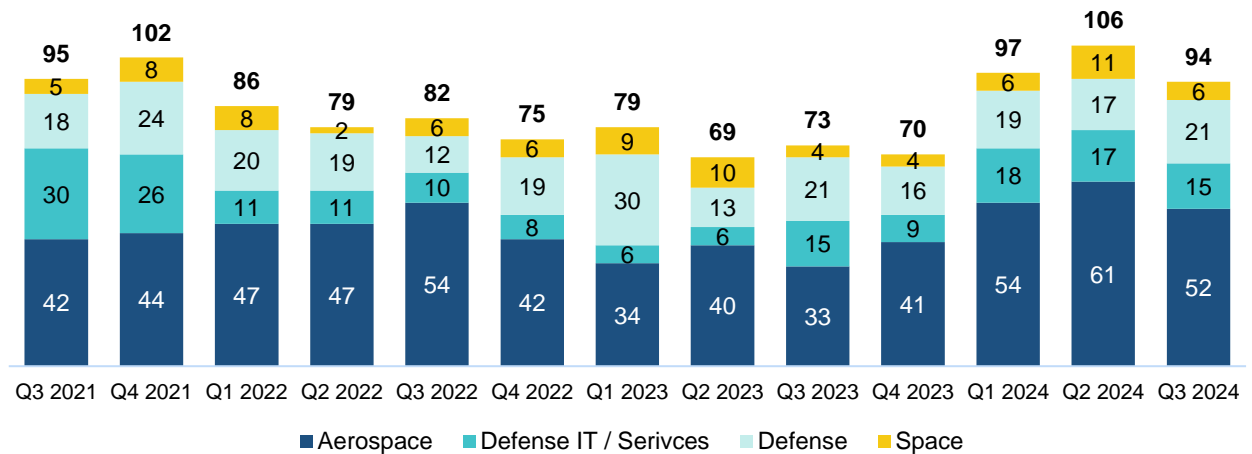
Note: All values based on publicly available data as of 09/30/2024

A&D Industry M&A Activity

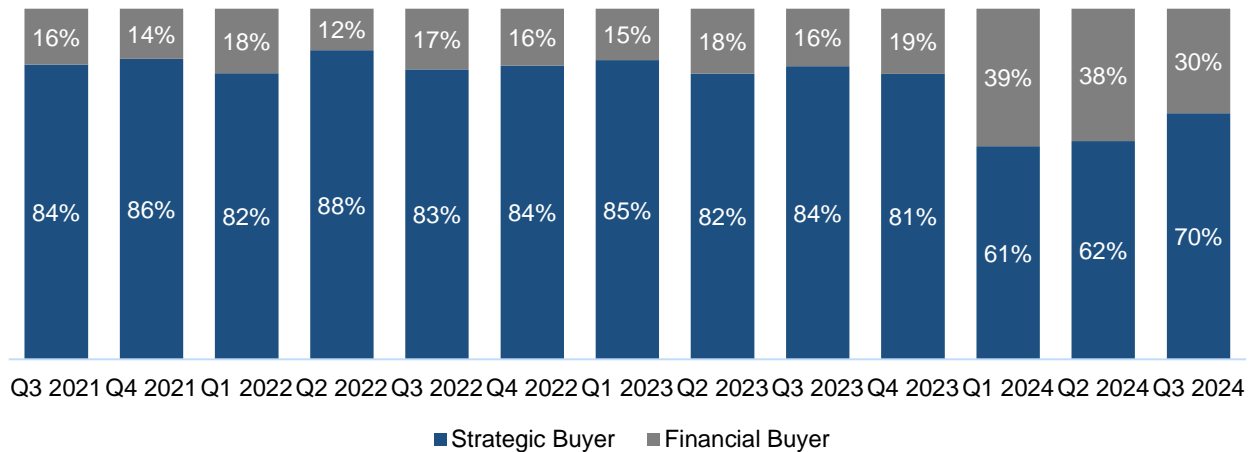
The A&D industry demonstrated resilience in Q3 2024, maintaining similar deal volumes to the previous two quarters. 2024's recent rise in deal volume is likely driven by substantial amounts of dry powder available for financial sponsors to acquire premium assets, coupled with a favorable lending environment for strategic players and anticipated Fed rate cuts. The A&D industry, furthermore, continues to be an attractive target for investors due to larger geopolitical and macroeconomic trends such as conflicts in Europe and the Middle East, surging demand for commercial air travel, military modernization efforts and the use of M&A as a means to foster growth or acquire new technologies.

The relative share of deals by sector remains relatively constant in line each sector's general share of the overall M&A landscape (see pg. 5). Strategic buyers remain the most active in the industry, accounting for 70% of the total transaction volume in the quarter. This includes PE-backed companies and is indicative of a very strong ongoing trend of industry consolidation of supply chains.

A&D Deal Activity by Segment



A&D Deal Activity by Buyer Type





Source: Pitchbook

Note: All values based on publicly available data as of 09/30/2024

Comparable Transactions

Q3 2024 M&A Activity – Select Transactions

<p>09/30/2024</p>  <p>Establishes the only multi-orbit, multi-band, global in-flight connectivity provider serving the fast-growing business aviation and military/government mobility markets. Expands Gogo's total addressable market to include the 14,000-business aircraft outside North America and offer integrated GEO-LEO satellite solutions that provide the highest performance of any satellite solution.</p>	<p>09/12/2024 07/01/2024</p>  <p>TopFlite specializes in high-complexity and custom interconnect challenges, leveraging a highly-experienced engineering capability, in mission-critical applications for A&D and other industrial markets. kSARIA produces highly engineered cable assemblies for avionics, sensors, communications and networking applications that are highly complementary to ITT's existing connector portfolio.</p>	<p>07/29/2024</p>  <p>AMG is a manufacturer of high-precision, highly-engineered formed metal components and assemblies using unique forming processes to tight tolerances, complex shapes, and exacting quality standards. The Company's products are critical components of premier, multi-year platforms across the commercial aerospace, rotorcraft, military aircraft, and space end markets.</p>
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Announced Date	Target	Buyers	TEV (\$M)	TEV / Revenue	TEV / EBITDA
30-Sep-24	Icon Aerospace	GenNx360 Capital Partners			
30-Sep-24	Satcom Direct	Gogo Business Aviation	\$ 375.0	0.8x	
30-Sep-24	TAG Aero	GenNx360 Capital Partners			
30-Sep-24	Veth Research Associates	AEVEX Aerospace			
18-Sep-24	Bevan Aviation	AE Industrial Partners			
12-Sep-24	kSARIA	ITT	\$ 475.0		
06-Sep-24	Desert Jet	Advanced Air			
30-Aug-24	CAES	Honeywell	\$ 1,925.0		
28-Aug-24	W International	Huntington Ingalls Industries			
26-Aug-24	Applied Avionics	Loar Holdings	\$ 385.0	9.6x	18.3x
23-Aug-24	Aero Turbine	StandardAero			
16-Aug-24	MSK Precision Products	CORE Industrial Partners			
14-Aug-24	Aviation Products Systems	McFarlane Aviation			
14-Aug-24	Magee Plastics Company	Trelleborg Group			
12-Aug-24	Precise Aerospace Manufacturing	Odyssey Investment Partners			
05-Aug-24	Tucson Embedded Systems	Bluestone Investment Partners			
31-Jul-24	Raptor Scientific	TransDigm Group			
29-Jul-24	Alpha Metalcraft Group	Industrial Growth Partners			
19-Jul-24	Innodyne Systems	FCAH Aerospace			
18-Jul-24	Astra (Aerospace and Defense)	Undisclosed	\$ 4.6	1.1x	
01-Jul-24	Goodrich Hoist and Winch of Collins	Arcline (Private Equity)			
01-Jul-24	Spirit Aero Systems	Boeing	\$ 8,094.0	1.3x	
01-Jul-24	Topflite Components	kSARIA (Behrman Capital)			

Source: Pitchbook

Note: All values based on publicly available data as of 09/30/2024

Representative Market Landscape

Aircraft / Engine OEM



Airlines / Private Aviation Services



Aerospace Suppliers



Defense Tier 1



Defense Suppliers

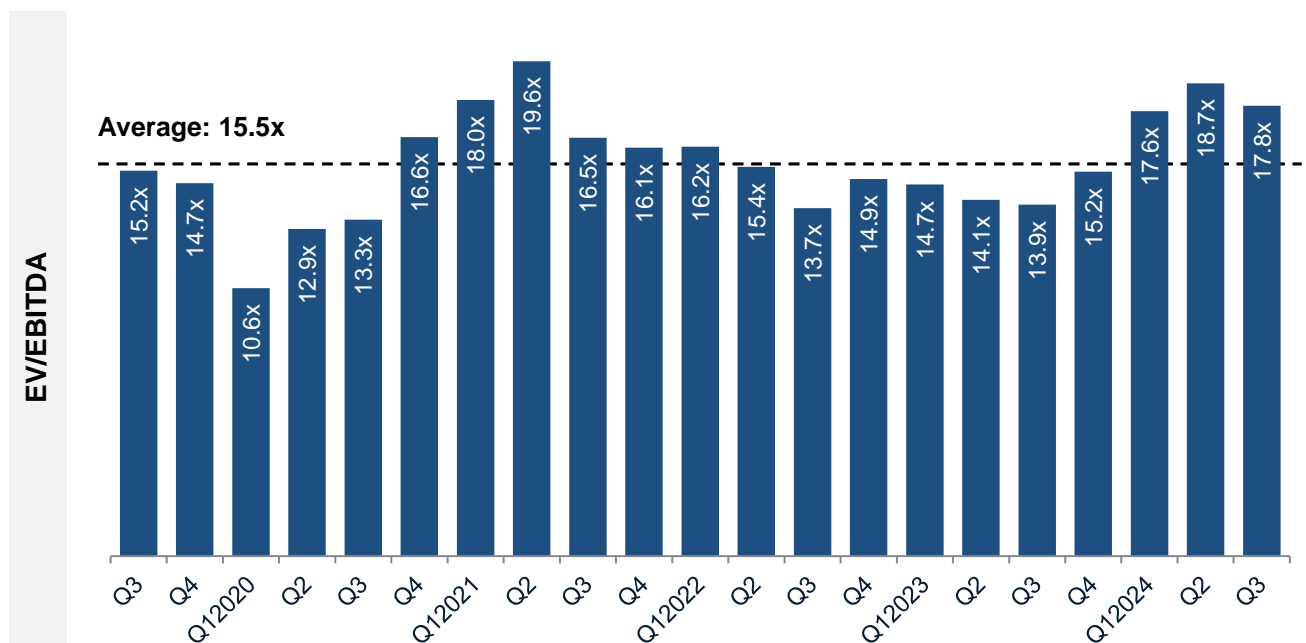
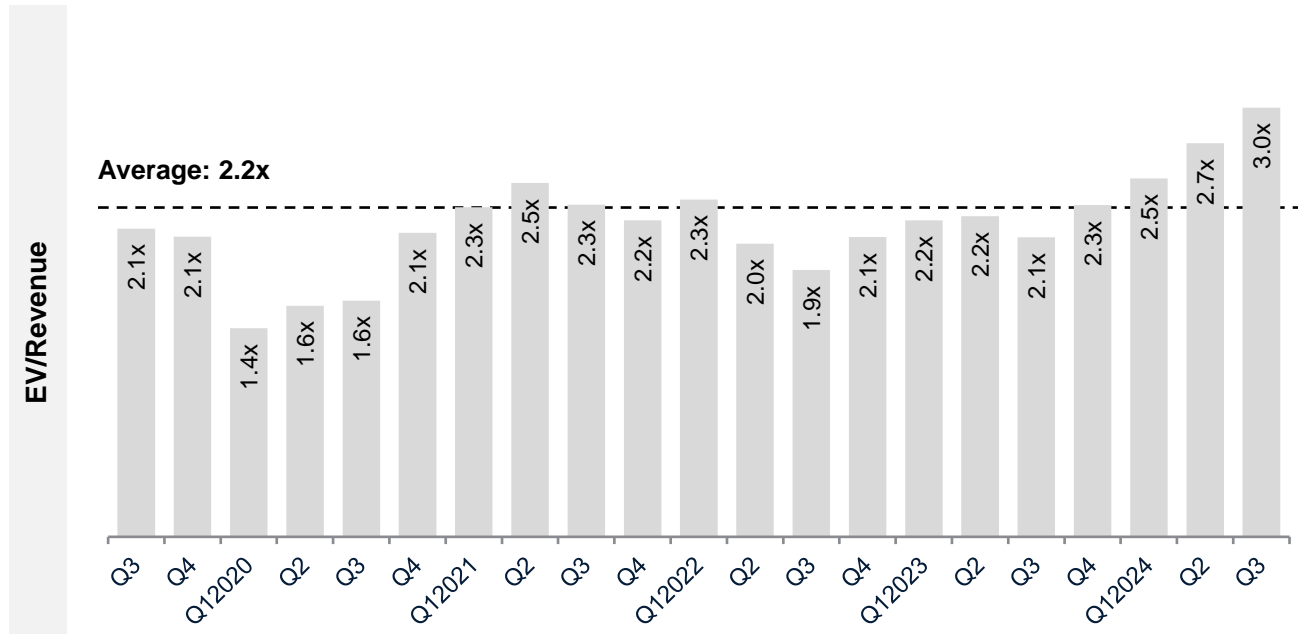


Space / Satellite



Public Comparable Companies

Based on a representative set of publicly traded companies across the A&D industry, companies traded at an average multiple of 15.5x EBITDA and 2.2x Revenue over the 21 quarters ended Q3 2024. The A&D industry recorded a 5% decrease in average EBITDA multiple and a 11% increase in average Revenue multiple from the previous quarter. GCG expects valuations to remain strong, especially for quality assets.



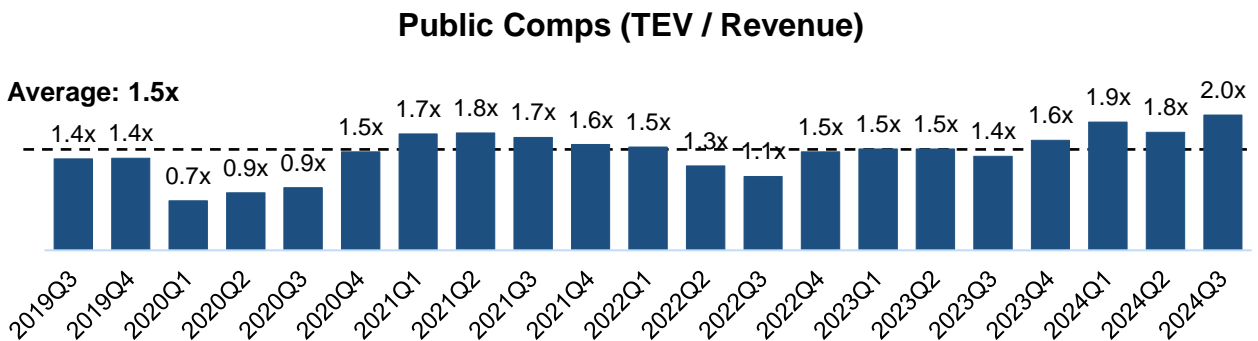
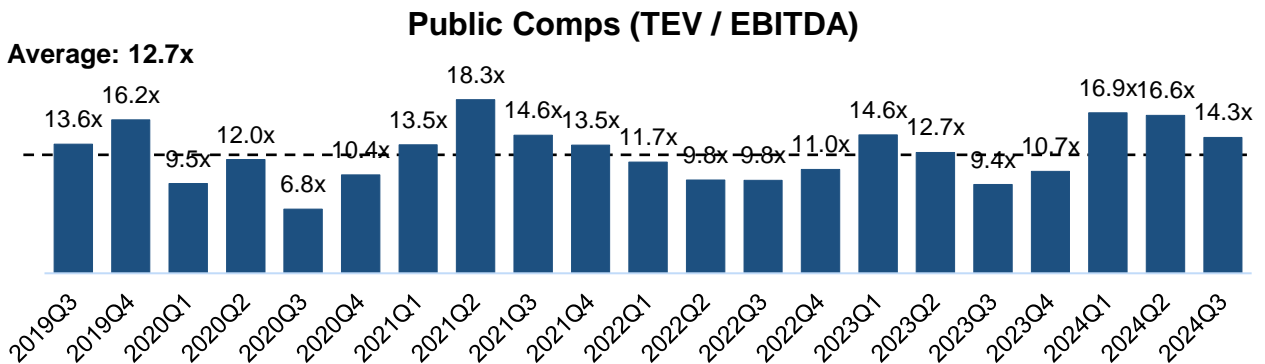
Source: Pitchbook

Note: All values based on publicly available data as of 09/30/2024. Excludes multiples above 50.0x

Public Comparable Companies

Aircraft / Engine OEM

Company Name	Enterprise Value (\$mm)	Share Stock Price	Price Change		LTM Margins		TEV / LTM:	
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Aircraft / Engine OEM								
GE Aviation Corporation	\$206,480.14	\$ 186.30	17.2%	111.3%	26.5%	10.8%	3.8x	27.0x
Boeing Co.	\$140,333.98	\$ 154.22	(17.4%)	(19.5%)	9.5%	1.7%	1.9x	N/A
Airbus SE	\$109,052.71	\$ 143.37	1.5%	6.9%	14.6%	9.9%	1.5x	15.2x
Rolls-Royce Holdings Plc	\$ 60,797.76	\$ 7.02	22.6%	160.4%	22.8%	19.3%	2.7x	13.9x
Textron Inc.	\$ 18,556.85	\$ 87.45	2.4%	11.9%	16.7%	11.2%	1.3x	11.9x
MTU Aero Engines AG	\$ 16,960.12	\$ 318.60	25.5%	75.6%	2.9%	3.9%	2.8x	N/A
Bombardier, Inc.	\$ 12,325.78	\$ 75.62	18.1%	115.4%	20.1%	14.1%	1.5x	10.4x
Embraer S.A	\$ 8,147.84	\$ 8.65	31.8%	152.8%	17.4%	9.9%	1.4x	14.6x
Dassault Aviation SA	\$ 7,109.70	\$ 208.69	13.6%	10.8%	40.5%	21.3%	1.3x	6.1x
Mean	\$ 64,418.32	\$ 132.21	12.8%	69.5%	19.0%	11.4%	2.0x	14.2x
Median	\$ 18,556.85	\$ 143.37	17.2%	75.6%	17.4%	10.8%	1.5x	13.9x



Source: Pitchbook

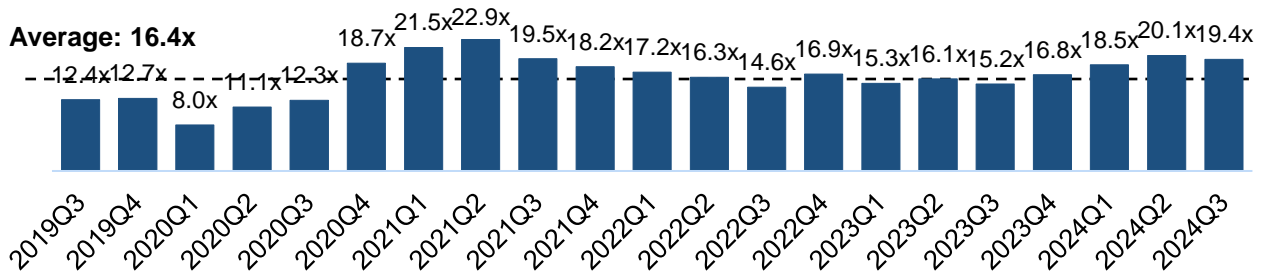
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Public Comparable Companies

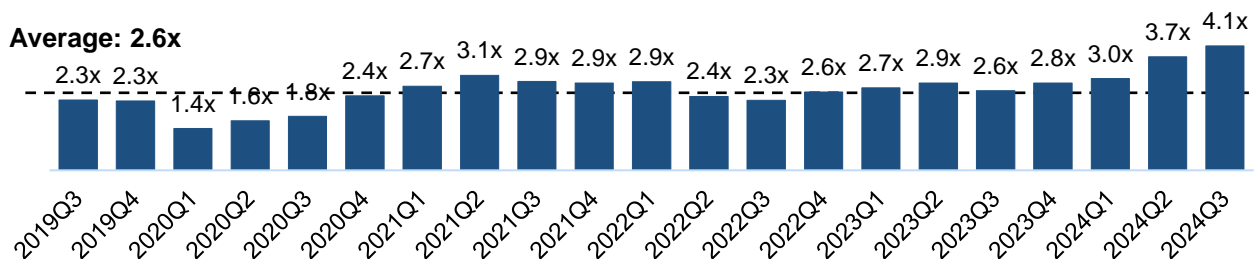
Aerospace Suppliers

Company Name	Enterprise Value (\$mm)	Share Stock Price	Price Change		LTM Margins		TEV / LTM:	
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Aerospace Suppliers								
TransDigm Group, Inc.	\$ 99,113.72	\$ 1,435.96	14.6%	70.3%	59.2%	48.4%	13.0x	26.9x
Safran SA	\$ 97,756.40	\$ 234.30	8.0%	49.2%	47.4%	13.9%	3.5x	25.3x
Howmet Aerospace Inc.	\$ 44,310.16	\$ 100.92	30.6%	118.2%	29.6%	22.7%	6.2x	27.5x
HEICO Corporation	\$ 33,911.66	\$ 203.99	16.4%	57.9%	38.9%	25.7%	9.0x	34.9x
Curtiss-Wright Corp.	\$ 13,694.11	\$ 336.91	24.4%	72.2%	37.4%	22.2%	4.6x	20.5x
Woodward, Inc.	\$ 10,739.90	\$ 169.34	(1.2%)	36.3%	26.4%	18.7%	3.3x	17.7x
Spirit AeroSystems, Inc.	\$ 7,788.64	\$ 32.92	(3.1%)	104.0%	(6.7%)	(7.6%)	1.2x	N/A
Moog Inc.	\$ 7,335.07	\$ 201.22	23.3%	78.1%	27.9%	12.0%	2.1x	17.1x
Loar Holdings Inc.	\$ 6,630.46	\$ 71.83	34.7%	N/A	48.2%	32.3%	18.5x	N/A
Hexcel Corporation	\$ 5,694.79	\$ 60.86	(2.6%)	(6.6%)	23.8%	14.6%	3.1x	21.1x
AAR Corp.	\$ 3,363.27	\$ 65.52	(7.0%)	10.1%	18.8%	7.9%	1.4x	17.6x
VSE Corporation	\$ 2,015.60	\$ 83.31	(2.7%)	65.2%	10.8%	10.8%	2.1x	19.2x
Lisi Aerospace SAS	\$ 1,919.95	\$ 29.34	15.3%	24.9%	47.3%	12.1%	1.0x	8.9x
Triumph Group, Inc.	\$ 1,796.59	\$ 12.79	(17.7%)	67.0%	27.0%	10.2%	1.4x	13.8x
Ducommun, Inc.	\$ 1,228.27	\$ 65.60	15.2%	50.8%	23.8%	10.0%	1.6x	15.8x
Senior plc	\$ 1,124.94	\$ 2.01	(1.5%)	1.1%	N/A	N/A	0.9x	10.4x
Héroux-Devtek Inc.	\$ 948.58	\$ 23.65	30.1%	99.2%	19.1%	16.1%	1.9x	12.1x
Astronics Corp	\$ 883.94	\$ 19.56	(0.7%)	23.3%	18.4%	3.5%	1.2x	33.7x
Magellan Aerospace Limited	\$ 447.03	\$ 6.93	16.7%	23.4%	10.3%	8.4%	0.7x	7.9x
Mean	\$ 17,931.74	\$ 166.16	10.2%	52.5%	28.2%	15.7%	4.0x	19.4x
Median	\$ 5,694.79	\$ 65.60	14.6%	54.3%	26.7%	13.0%	2.1x	17.7x

Public Comps (TEV / EBITDA)



Public Comps (TEV / Revenue)



Source: Pitchbook

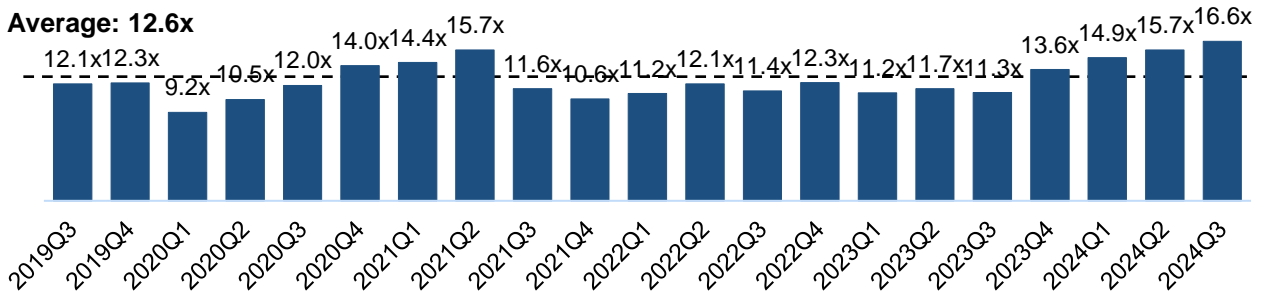
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Public Comparable Companies

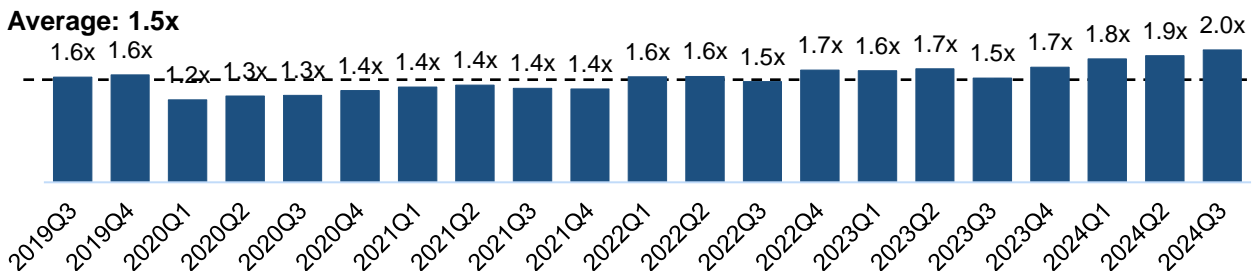
Defense Tier 1

Company Name	Enterprise Value (\$mm)	Share Stock Price	Price Change		LTM Margins		TEV / LTM:	
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Defense Tier 1								
RTX Corporation	\$204,719.47	\$ 124.39	25.0%	72.8%	16.4%	12.0%	2.8x	23.5x
Lockheed Martin Corporation	\$161,145.58	\$ 605.86	29.9%	48.1%	11.9%	14.6%	2.3x	15.5x
Northrop Grumman Corporation	\$ 94,433.87	\$ 543.88	25.0%	23.6%	16.8%	11.2%	2.3x	20.8x
General Dynamics Corporation	\$ 93,654.84	\$ 305.33	6.1%	38.2%	15.7%	12.2%	2.1x	17.1x
BAE Systems Plc	\$ 61,656.53	\$ 17.03	5.9%	39.9%	N/A	14.1%	2.0x	14.2x
ST Engineering Ltd	\$ 15,676.67	\$ 3.61	14.1%	26.2%	19.0%	14.2%	2.0x	13.8x
Hanwha Aerospace Co., Ltd.	\$ 13,518.84	\$ 226.49	33.4%	204.3%	23.8%	9.0%	1.8x	20.1x
Huntington Ingalls Industries, Inc.	\$ 13,248.31	\$ 264.65	7.2%	29.4%	14.6%	11.4%	1.1x	9.8x
Saab AB	\$ 12,034.51	\$ 21.99	(9.4%)	72.7%	21.9%	11.7%	2.2x	19.3x
Leonardo DRS, Inc.	\$ 8,151.97	\$ 29.70	17.5%	77.8%	22.6%	11.3%	2.7x	23.6x
Babcock International Group	\$ 3,739.63	\$ 6.29	(3.4%)	24.7%	N/A	8.2%	0.7x	8.3x
Mean	\$ 61,998.20	\$ 195.38	13.7%	59.8%	18%	11.8%	2.0x	16.9x
Median	\$ 15,676.67	\$ 124.39	14.1%	39.9%	16.8%	11.7%	2.1x	17.1x

Public Comps (TEV / EBITDA)



Public Comps (TEV / Revenue)



Source: Pitchbook

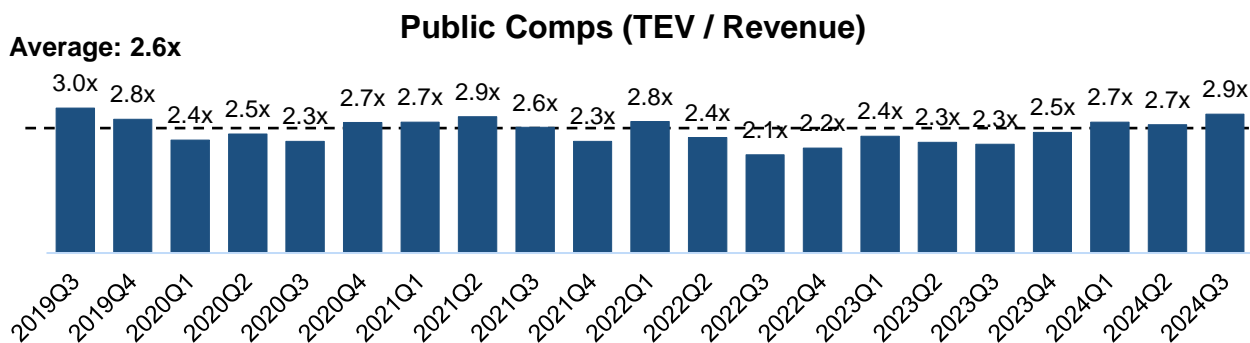
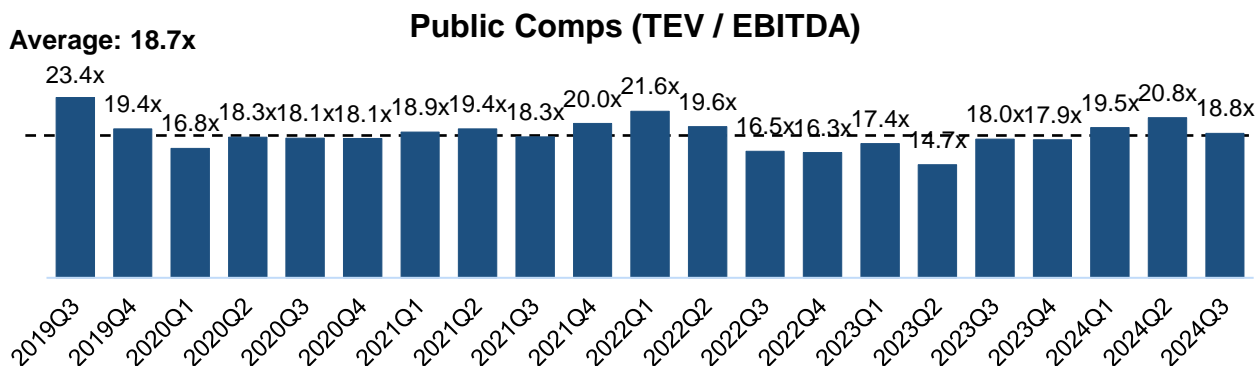
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Public Comparable Companies

Defense Suppliers

Company Name	Enterprise Value (\$mm)	Share Stock Price	Price Change		LTM Margins		TEV / LTM:	
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Defense Suppliers								
L3Harris Technologies, Inc.	\$ 59,301.79	\$ 245.29	10.5%	40.9%	26.3%	15.1%	2.9x	18.9x
Thales SA	\$ 38,449.41	\$ 162.75	(0.2%)	15.8%	26.0%	12.1%	1.9x	15.3x
Leidos Holdings Inc	\$ 26,623.11	\$ 165.01	13.4%	79.0%	15.8%	7.6%	1.7x	21.8x
Rheinmetall AG	\$ 26,616.00	\$ 569.05	9.7%	120.9%	54.2%	17.3%	3.0x	17.5x
Teledyne Technologies Inc	\$ 22,920.13	\$ 439.48	14.8%	7.6%	43.2%	24.0%	4.1x	17.2x
Elbit Systems Ltd.	\$ 10,480.63	\$ 202.70	14.4%	2.7%	24.0%	7.9%	1.7x	21.1x
AeroVironment, Inc.	\$ 5,920.15	\$ 211.09	20.2%	89.3%	39.8%	13.6%	7.9x	N/A
HENSOLDT AG	\$ 4,988.23	\$ 34.01	(10.0%)	15.2%	22.9%	14.8%	2.3x	15.8x
Kratos Defense & Security	\$ 3,664.90	\$ 24.82	25.7%	65.2%	26.1%	8.3%	3.3x	39.4x
Mercury Systems, Inc.	\$ 2,728.02	\$ 37.89	33.7%	2.2%	23.5%	(8.1%)	3.3x	N/A
Chemring Group PLC	\$ 1,424.90	\$ 4.91	4.3%	44.9%	N/A	N/A	2.4x	17.1x
Espey Mfg & Electronics Corp	\$ 55.97	\$ 28.86	34.2%	78.7%	27.5%	18.1%	1.4x	8.0x
Mean	\$ 16,931.10	\$ 177.16	14.2%	46.9%	30%	11.9%	3.0x	19.2x
Median	\$ 8,200.39	\$ 100.00	13.9%	42.9%	26.1%	13.6%	2.7x	17.4x

A&D Mean	\$ 35,404.34	\$ 169.06	12.4%	55.8%	24.9%	13.2%	3.0x	17.9x
A&D Median	\$ 12,034.51	\$ 87.45	14.4%	48.7%	23.5%	12.0%	2.1x	17.1x



Source: Pitchbook

Note: All values based on publicly available data as of 09/30/2024. Excludes multiples above 50.0x

About Greenwich Capital Group

Greenwich Capital Group is a middle-market focused investment bank offering a range of strategic and financial advisory services to privately held businesses, private equity investors and publicly traded companies. Our senior professionals have held leadership positions at large, global platforms, bringing a wealth of experience and industry insight to each of our clients.

- National Investment Banking Platform, with Five Offices throughout the United States
- Global Expertise with a Focus on the Middle-Market
- Senior-Level Investment Bankers Specializing in:

- Private Company Transactions
- Family-Owned Businesses
- Corporate Divestitures
- ESOP Transactions
- Capital Advisory Mandates



Mergers & Acquisitions

- Private Company Sale Transactions
- Corporate Divestitures
- Acquisitions
- Leveraged Recapitalizations
- Joint Ventures
- Distressed M&A

ESOP and Financial Advisory

- ESOP Feasibility Study
- ESOP Advisory
- Complex Financial Modeling
- Business Valuation
- Strategic Options Analysis
- Corporate Development Advisory
- Board Advisory Services

Capital Raising

- Senior Debt
- Junior Debt
- Unitranche Debt
- Minority Equity

Independent & Focused Advice

Senior Level Attention

Industry Experience

Entrepreneurial & Collaborative

World-Class Advisory Services to the Middle Market

Aerospace & Defense Expertise

Select Transactions



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THE JORDAN COMPANY



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has acquired



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a portfolio company of



has acquired



has acquired the
Composite Structures
business of



has been acquired by



now part of



Aerospace & Defense Expertise

GCG offers a unique breadth and depth of expertise formed by senior professionals who have worked with dozens of clients across nearly all aspects of the aerospace, defense and government services industries for nearly 25 years.

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. GCG's M&A advisory experience includes the following A&D industry subsectors: Aerostructures, aircraft interior systems and seating, avionics, business jet and regional jet components, cable assemblies / electrical connectors, composites / thermoplastics, defense electronics, defense vehicle armor, electronic manufacturing services, engine components, government contractors, ground support equipment, helicopters – manufacturing and operators, hydraulic and pneumatic valves and fittings, in-flight entertainment, landing gear, maintenance, repair, and overhaul (MRO) services, missile systems, part 135 charter / part 91k fractional / aircraft management / FBO operations, Parts Manufacturer Approval (PMA) components, precision machining and specialty metal forming, satellite equipment, hardware and software, space launch vehicles, supply chain management services, training and simulation.

For additional perspective or to discuss M&A related opportunities in the Aerospace & 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 Pitchbook database. For more information on this or anything else related to our research, please email info@greenwichgp.com.

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