



## AEROSPACE, DEFENSE & GOVERNMENT SERVICES

INDUSTRY UPDATE | MARCH 2017



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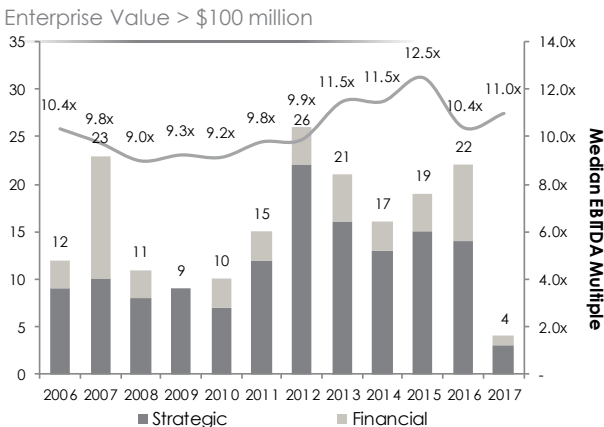
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# AEROSPACE VALUATION AND M&A TRANSACTION DATA

## STOCK PERFORMANCE AND TRADING MULTIPLES

(\$ in millions)								EV / CY 2017E EBITDA	
Aircraft OEMs	CY2017E Revenue	CY2017E EBITDA	CY2017E EBITDA Margin	Current Stock Price	Market Cap	% of 52-Wk High	Stock Price YoY Change		
Bombardier	\$16,786	\$1,010	6.0%	\$1.73	\$3,747	81.7%	79.7%	11.2x	
Boeing	92,098	11,321	12.3%	177.31	107,972	95.5%	38.6%	10.1x	
Airbus	72,701	6,890	9.5%	75.23	58,238	97.2%	23.3%	8.3x	
Embraer	5,956	846	14.2%	5.38	4,003	83.1%	(24.0%)	5.7x	
								<b>Median: 9.2x</b>	
Aerospace Equipment and Structural Components									
Zodiac Aerospace	\$5,611	\$403	7.2%	\$24.95	\$7,328	80.7%	38.9%	20.2x	
HEICO	1,473	356	24.2%	86.34	5,282	97.0%	45.1%	18.3x	
RBC Bearings	651	164	25.3%	95.45	2,281	95.5%	32.0%	15.3x	
Woodward	2,101	370	17.6%	68.79	4,229	95.2%	34.1%	13.5x	
TransDigm Group	3,556	1,700	47.8%	233.32	12,313	79.3%	4.1%	13.5x	
B/E Aerospace	3,079	662	21.5%	64.77	6,572	99.2%	36.8%	12.6x	
BBA Aviation	2,292	437	19.1%	3.82	3,938	97.8%	57.5%	12.2x	
Hexcel	2,101	496	23.6%	54.20	4,940	96.9%	23.5%	11.6x	
KLX Aerospace	1,671	290	17.4%	45.90	2,427	87.6%	44.2%	11.4x	
Rockwell Collins	5,381	1,329	24.7%	99.07	12,957	98.8%	8.3%	11.3x	
Barnes Group	1,319	298	22.6%	50.69	2,734	97.5%	42.9%	10.8x	
Astronics	655	107	16.3%	31.56	922	67.6%	(0.6%)	10.0x	
Kaman	1,859	170	9.2%	46.95	1,276	87.9%	13.0%	10.0x	
Moog	2,425	310	12.8%	67.56	2,413	92.5%	53.9%	10.0x	
Safran	17,412	3,475	20.0%	77.35	32,200	99.6%	23.7%	10.0x	
Esterline Technologies	2,027	315	15.5%	86.45	2,561	89.6%	35.6%	10.0x	
Arconic	12,198	1,833	15.0%	26.23	11,687	85.5%	--	9.8x	
Wesco Aircraft	1,506	200	13.3%	11.95	1,184	75.8%	(17.6%)	9.8x	
LMI Aerospace	375	44	11.6%	13.80	188	99.0%	64.3%	9.6x	
Meggitt	2,637	627	23.8%	5.51	4,251	84.6%	13.8%	9.2x	
Senior	1,222	146	11.9%	2.59	1,090	73.0%	(5.5%)	9.1x	
Heroux-Dev tek	296	47	15.9%	8.96	324	72.7%	(11.4%)	8.9x	
Ducommun	561	57	10.1%	29.24	325	86.9%	103.2%	8.6x	
AAR	1,915	168	8.8%	33.98	1,158	87.7%	45.0%	7.8x	
Magellan Aerospace	768	137	17.8%	15.28	883	96.1%	23.3%	7.2x	
Spirit AeroSystems	6,872	1,087	15.8%	57.42	6,864	91.3%	25.2%	7.1x	
Triumph Group	3,466	483	13.9%	26.15	1,284	65.2%	(18.4%)	6.0x	
GKN	12,161	1,447	11.9%	4.42	7,580	94.2%	26.0%	5.7x	
								<b>Median: 10.0x</b>	
Diversified Industrial – Heavy Aerospace Exposure									
Ametek	\$4,032	\$1,062	26.3%	\$54.16	\$12,538	97.6%	9.3%	13.5x	
Parker-Hannifin	11,843	1,813	15.3%	159.64	21,374	97.9%	45.2%	12.5x	
Eaton	19,596	3,365	17.2%	74.96	33,911	98.1%	25.1%	12.4x	
Honeywell	39,205	8,640	22.0%	123.71	94,738	97.0%	11.0%	12.1x	
United Technologies	58,701	10,588	18.0%	112.65	90,494	98.4%	11.2%	10.5x	
Curtiss-Wright	2,188	430	19.7%	89.60	3,975	83.3%	19.1%	10.3x	
Tetron	14,442	1,585	11.0%	47.60	13,007	93.5%	29.8%	9.7x	
Crane	2,701	492	18.2%	74.87	4,472	94.9%	40.9%	9.5x	
Rolls Royce	17,715	2,214	12.5%	10.03	18,225	87.3%	23.2%	8.6x	
General Electric	124,556	20,575	16.5%	29.97	261,349	90.8%	(2.7%)	NM	
								<b>Median: 10.5x</b>	

## AEROSPACE M&A ACTIVITY



## SELECT RECENT AEROSPACE M&A ACTIVITY

Announced Date	Target	Subsegment	Acquirer
Mar-17	Magnetic & Penetrant Services	Aviation Services and Support	Valence Surface Technologies
Mar-17	TP Aerospace	Maintenance, Repair, and Overhaul	CataCap
Mar-17	Air Cost Control	Supply Chain Management and Distribution	HEICO
Mar-17	Avant Aerospace	Maintenance, Repair, and Overhaul	West Star Aviation Services
Feb-17	SCHROTH Safety Products (Takata)	Aircraft Interiors	Transdigm
Feb-17	LMI Aerospace Group	Airframe and Engine Structural Components	Sonaca Group
Feb-17	Brek Manufacturing	Airframe and Engine Structural Components	Aernnova
Feb-17	OAG	Aviation Services and Support	Vitruvian Partners
Feb-17	Eti Tech	Avionics & Electronics	Soaring Pine Capital

# DEFENSE VALUATION AND M&A TRANSACTION DATA

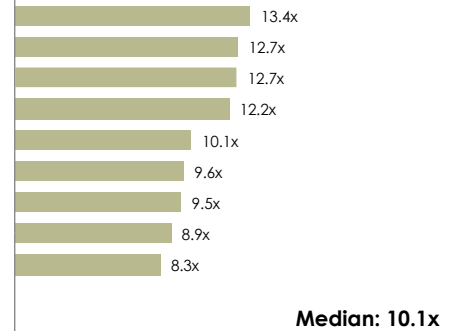
## STOCK PERFORMANCE AND TRADING MULTIPLES

(\$ in millions)

### Defense Prime Contractors

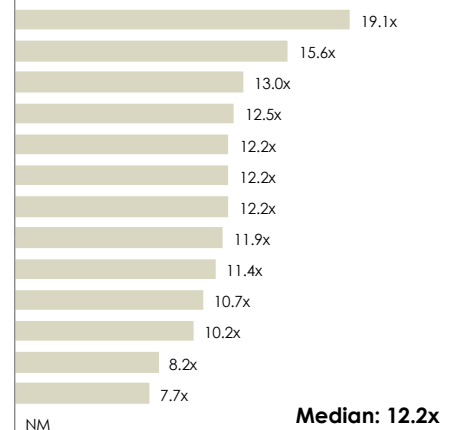
	CY 2017E Revenue	CY 2017E EBITDA	CY 2017E EBITDA Margin	Current Stock Price	Market Cap	% of 52-Wk High	Stock Price YoY Change
Lockheed Martin	\$50,144	\$6,983	13.9%	\$269.11	\$77,971	98.0%	18.9%
General Dynamics	31,418	4,690	14.9%	187.12	56,931	96.5%	40.8%
Northrop Grumman	25,121	3,750	14.9%	238.74	41,840	94.1%	19.0%
Raytheon	25,021	3,871	15.5%	151.38	44,292	96.1%	19.7%
Boeing	92,098	11,321	12.3%	177.31	107,972	95.5%	38.6%
Huntington Ingalls	7,399	1,053	14.2%	203.09	9,434	92.0%	45.7%
BAE Systems	24,627	2,876	11.7%	7.97	25,356	97.1%	28.9%
Thales	16,585	2,070	12.5%	97.53	20,538	97.2%	20.2%
Airbus	72,701	6,890	9.5%	75.23	58,238	97.2%	23.3%

### EV / CY 2017E EBITDA



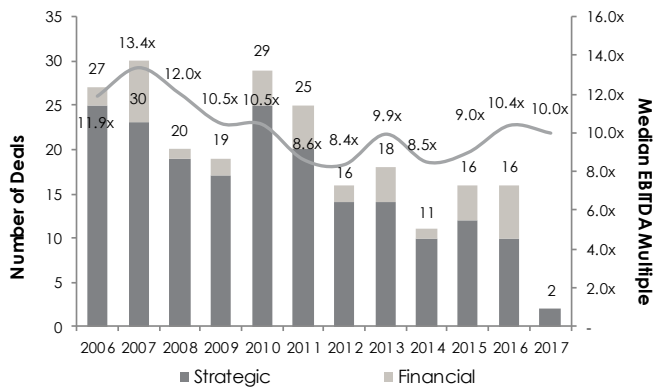
### Defense Technologies

	CY 2017E Revenue	CY 2017E EBITDA	CY 2017E EBITDA Margin	Current Stock Price	Market Cap	% of 52-Wk High	Stock Price YoY Change
Mercury Systems	\$398	\$89	22.4%	\$39.25	\$1,871	96.1%	94.5%
Kratos	710	54	7.6%	7.85	665	85.4%	59.2%
Teledyne Technologies	2,225	380	17.1%	125.89	4,426	92.6%	44.5%
Elbit Systems Holdings	3,260	410	12.6%	116.56	4,974	96.2%	21.4%
Harris	5,820	1,455	25.0%	109.53	13,698	96.9%	42.8%
FLIR Systems	1,796	417	23.2%	35.55	4,847	95.0%	10.9%
L-3 Communications	10,769	1,322	12.3%	166.01	12,925	96.9%	39.0%
Cubic	1,514	129	8.5%	49.90	1,351	89.7%	26.3%
Ultra Electronics Holdings	1,031	187	18.2%	25.90	1,830	93.9%	19.2%
Cobham	2,521	359	14.3%	1.72	2,952	64.6%	(21.0%)
Orbital ATK	4,600	704	15.3%	97.90	5,645	95.3%	12.6%
Chemring	604	93	15.4%	2.44	686	95.6%	43.6%
Comtech Telecommunications	576	65	11.4%	13.47	320	54.0%	(40.1%)
AeroVironment	288	24	8.2%	27.80	647	85.7%	(0.8%)



## DEFENSE M&A ACTIVITY

Enterprise Value > \$50 million



## SELECT RECENT DEFENSE M&A ACTIVITY

Announced Date	Target	Subsegment	Acquirer
Mar-17	Daylight Solutions	Defense Electronics	Leonardo DRS
Feb-17	Coleman Aerospace (L-3)	Weapon Systems and Munitions	Aerojet Rocketdyne
Feb-17	Owl Computing Technologies	Intelligence and Cybersecurity	Acuity Technology Partners (D.C. Capital Partners)
Jan-17	Hi-Rel Group	Defense Electronics	Shoreview Industries
Jan-17	LBA International and Aegis Engineering	Tactical and Protection Equipment and Systems	Safariland
Jan-17	Implant Sciences Explosive Trace Detection Business Unit	Homeland Security Technologies and Systems	L-3 Technologies
Dec-16	Meggitt Target Systems	Unmanned Systems	QinetiQ Group
Dec-16	DRS Environmental Systems	Tactical and Protection Equipment and Systems	HDT Global
Dec-16	Liquid Robotics	Unmanned Systems	Boeing

# GOVERNMENT SERVICES VALUATION AND M&A TRANSACTION DATA

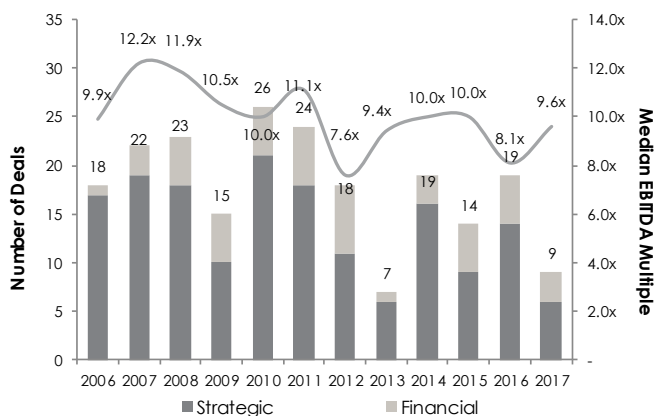
## STOCK PERFORMANCE AND TRADING MULTIPLES

(\$ in millions)

Government Services	CY2017E Revenue	CY2017E EBITDA	CY2017E EBITDA Margin	Current Stock Price	Market Cap	% of 52-Wk High	Stock Price YoY Change	EV / CY 2017E EBITDA
SAIC	\$4,368	\$331	7.6%	\$72.28	\$3,161	80.4%	38.6%	12.6x
Engility	2,000	179	8.9%	27.43	1,008	70.0%	54.5%	11.4x
CACI International	4,263	376	8.8%	115.90	2,828	85.6%	10.3%	11.2x
Booz Allen Hamilton	6,018	579	9.6%	34.88	5,241	90.5%	17.9%	11.2x
ManTech International	1,660	125	7.5%	34.77	1,344	76.4%	11.6%	10.1x
KEYW	450	47	10.4%	8.92	433	65.7%	36.9%	9.7x
Vectrus	908	34	3.7%	23.21	247	66.3%	4.8%	8.4x
CSRA	5,122	875	17.1%	27.87	4,595	83.1%	8.5%	8.3x
Leidos	10,270	990	9.6%	50.79	7,618	92.4%	(0.3%)	8.3x
NCI, Inc	320	28	8.8%	12.75	173	83.3%	(7.2%)	6.2x
								<b>Median: 9.9x</b>
Diversified Services - Heavy Government Exposure								
Serco	\$3,856	\$147	3.8%	\$1.43	\$1,585	76.3%	18.7%	12.2x
CGI	8,098	1,502	18.5%	46.80	14,132	92.5%	0.4%	10.4x
Jacobs	10,608	651	6.1%	54.41	6,652	85.8%	32.1%	9.8x
AECOM	17,923	943	5.3%	33.70	5,247	82.8%	14.0%	9.5x
ICF	1,220	119	9.8%	42.15	796	70.8%	19.2%	9.0x
Babcock International	6,816	878	12.9%	11.01	5,564	71.8%	(8.3%)	8.5x
Fluor	20,141	903	4.5%	52.33	7,368	89.7%	2.1%	7.9x
KBR	4,351	312	7.2%	15.49	2,219	86.3%	9.9%	7.5x
								<b>Median: 9.2x</b>

## GOVERNMENT SERVICES M&A ACTIVITY

Enterprise Value > \$50 million



## SELECT RECENT GOVERNMENT SERVICES M&A ACTIVITY

Announced Date	Target	Subsegment	Acquirer
Mar-17	Centerra Group	Technical and Security Services	Constellis
Mar-17	Sotera Defense Solutions	Intelligence and Cybersecurity	KeyW Corporation
Feb-17	CB&I (Capital Services Business)	Systems Engineering and Technical Assistance	Veritas Capital
Feb-17	Preferred Systems Solutions	Intelligence and Cybersecurity	STG Group
Feb-17	Digital Globe	Satellite Imagery & Analytics	MacDonald Dettwiler
Feb-17	VeriSign (iDefense Security Intelligence Services)	Intelligence and Cybersecurity	Accenture
Feb-17	Endgame (U.S. Federal Services Business)	Intelligence and Cybersecurity	Accenture
Feb-17	Triple - i	Systems Engineering and Technical Assistance	Salient CRGT
Jan-17	Harris IT	IT Services and Consulting	Veritas Capital

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