



AEROSPACE, DEFENSE & GOVERNMENT SERVICES

INDUSTRY UPDATE | APRIL 2017



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AEROSPACE VALUATION AND M&A TRANSACTION DATA

STOCK PERFORMANCE AND TRADING MULTIPLES

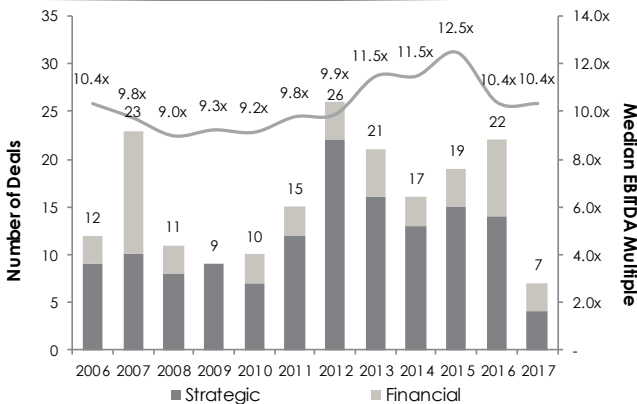
| (\$ in millions) | | | | | | | | EV / CY 2017E EBITDA |
|---|-----------------|----------------|-----------------------|---------------------|------------|-----------------|------------------------|----------------------|
| Aircraft OEMs | CY2017E Revenue | CY2017E EBITDA | CY2017E EBITDA Margin | Current Stock Price | Market Cap | % of 52-Wk High | Stock Price YoY Change | |
| Bombardier | \$16,786 | \$1,024 | 6.1% | \$1.73 | \$3,958 | 82.0% | 48.4% | 11.1x |
| Boeing | 92,007 | 11,321 | 12.3% | 179.08 | 108,148 | 96.4% | 35.7% | 10.2x |
| Airbus | 73,318 | 6,936 | 9.5% | 74.94 | 57,494 | 96.8% | 23.0% | 8.2x |
| Embraer | 6,011 | 864 | 14.4% | 5.05 | 3,790 | 79.5% | (28.8%) | 5.3x |
| | | | | | | | | Median: 9.2x |
| Aerospace Equipment and Structural Components | | | | | | | | |
| Zodiac Aerospace | \$5,663 | \$407 | 7.2% | \$24.59 | \$7,142 | 79.6% | 28.2% | 19.8x |
| HEICO | 1,473 | 356 | 24.2% | 69.52 | 5,214 | 97.6% | 41.2% | 18.4x |
| RBC Bearings | 651 | 164 | 25.2% | 92.50 | 2,213 | 92.6% | 23.8% | 15.0x |
| TransDigm Group | 3,558 | 1,700 | 47.8% | 237.87 | 12,496 | 80.8% | 5.7% | 13.7x |
| Woodward | 2,099 | 370 | 17.6% | 69.41 | 4,227 | 96.0% | 31.4% | 13.7x |
| BBA Aviation | 2,292 | 437 | 19.1% | 3.89 | 4,001 | 98.6% | 53.5% | 12.4x |
| Hexcel | 2,097 | 496 | 23.6% | 53.06 | 4,802 | 94.9% | 15.9% | 11.4x |
| KLX Aerospace | 1,720 | 298 | 17.3% | 47.31 | 2,473 | 90.3% | 43.8% | 11.3x |
| Rockwell Collins | 5,379 | 1,347 | 25.0% | 98.12 | 15,707 | 97.9% | 3.9% | 11.1x |
| Barnes Group | 1,319 | 298 | 22.6% | 50.21 | 2,695 | 96.6% | 34.0% | 10.7x |
| Esterline Technologies | 2,027 | 315 | 15.5% | 86.90 | 2,592 | 90.1% | 30.9% | 10.1x |
| Astronics | 655 | 107 | 16.3% | 31.26 | 895 | 67.0% | (5.3%) | 10.0x |
| Moog | 2,425 | 310 | 12.8% | 66.83 | 2,394 | 91.5% | 45.7% | 10.0x |
| Safran | 17,575 | 3,508 | 20.0% | 77.84 | 32,449 | 98.7% | 19.1% | 9.9x |
| Kaman | 1,859 | 170 | 9.2% | 46.43 | 1,256 | 86.9% | 9.8% | 9.9x |
| Wesco Aircraft | 1,506 | 199 | 13.2% | 11.78 | 1,184 | 74.6% | (20.5%) | 9.9x |
| Arconic | 12,184 | 1,814 | 14.9% | 26.15 | 11,366 | 85.2% | -- | 9.8x |
| Meggit | 2,700 | 610 | 22.6% | 5.71 | 4,418 | 87.6% | 14.5% | 9.7x |
| LMI Aerospace | 375 | 44 | 11.6% | 13.86 | 189 | 99.4% | 57.5% | 9.6x |
| Senior | 1,256 | 150 | 11.9% | 2.66 | 1,101 | 74.9% | (4.0%) | 9.1x |
| Heroux-Dev tek | 295 | 47 | 15.9% | 8.70 | 320 | 70.6% | (20.2%) | 9.0x |
| Ducommun | 561 | 57 | 10.1% | 29.78 | 329 | 88.5% | 94.6% | 8.8x |
| AAR | 1,915 | 168 | 8.8% | 33.82 | 1,154 | 87.3% | 39.7% | 7.8x |
| Magellan Aerospace | 768 | 136 | 17.8% | 15.27 | 910 | 94.7% | 22.8% | 7.3x |
| Spirit AeroSystems | 6,872 | 1,087 | 15.8% | 57.09 | 6,725 | 90.8% | 21.0% | 6.7x |
| Triumph Group | 3,434 | 465 | 13.5% | 26.45 | 1,291 | 66.0% | (26.2%) | 6.2x |
| GKN | 12,491 | 1,403 | 11.2% | 4.41 | 7,545 | 94.1% | 20.4% | 5.8x |
| | | | | | | | | Median: 9.9x |

Diversified Industrial – Heavy Aerospace Exposure

| Company | Revenue | EBITDA | Margin | Stock Price | Market Cap | % of 52-Wk High | Stock Price YoY Change | EV / CY 2017E EBITDA |
|---------------------|-----------|----------|--------|-------------|------------|-----------------|------------------------|----------------------|
| General Electric | \$124,556 | \$20,691 | 16.6% | \$29.99 | \$259,868 | 90.9% | (3.4%) | 17.1x |
| Ametek | 4,035 | 1,062 | 26.3% | 53.97 | 12,416 | 97.3% | 6.9% | 13.4x |
| Eaton | 19,603 | 3,367 | 17.2% | 74.02 | 33,404 | 96.9% | 18.1% | 12.2x |
| Parker-Hannifin | 11,852 | 1,840 | 15.5% | 155.31 | 20,762 | 95.2% | 37.0% | 11.8x |
| Honeywell | 39,205 | 8,626 | 22.0% | 123.13 | 93,688 | 96.6% | 7.3% | 11.8x |
| United Technologies | 58,701 | 10,588 | 18.0% | 113.06 | 91,040 | 98.8% | 7.5% | 10.4x |
| Curtiss-Wright | 2,188 | 430 | 19.7% | 90.08 | 3,966 | 83.7% | 16.3% | 10.4x |
| Crane | 2,701 | 492 | 18.2% | 75.46 | 4,452 | 95.6% | 33.6% | 9.6x |
| Textron | 14,452 | 1,588 | 11.0% | 46.36 | 12,786 | 91.0% | 22.2% | 9.5x |
| Rolls Royce | 18,195 | 2,099 | 11.5% | 10.26 | 19,154 | 89.3% | 22.4% | 9.5x |
| | | | | | | | | Median: 11.1x |

AEROSPACE M&A ACTIVITY

Enterprise Value > \$100 million



SELECT RECENT AEROSPACE M&A ACTIVITY

| Announced Date | Target | Subsegment | Acquirer |
|----------------|------------------------------------|--|------------------------------|
| Apr-17 | Discovery Air Fire Services | Aviation Services and Support | MAG Aerospace |
| Apr-17 | Accessory Technologies Corporation | Maintenance, Repair & Overhaul | Wencor Group |
| Apr-17 | Whitcraft | Airframe and Engine Structural Components | Greenbriar Equity Group |
| Apr-17 | Custom Controls Concepts | Avionics and Electronics | Astronics Corporation |
| Apr-17 | Fastener Distribution Holdings | Supply Chain Management and Distribution | Audax Group |
| Mar-17 | PAS Technologies | Maintenance, Repair & Overhaul | StandardAero |
| Mar-17 | BVR Technologies | Electromechanical, Power & Related Proprietary | Kaney Aerospace |
| Mar-17 | Airvault (Critical Technologies) | Aviation Services and Support | GE Aviation |
| Mar-17 | Magnetic & Penetrant Services | Aviation Services and Support | Valence Surface Technologies |

DEFENSE VALUATION AND M&A TRANSACTION DATA

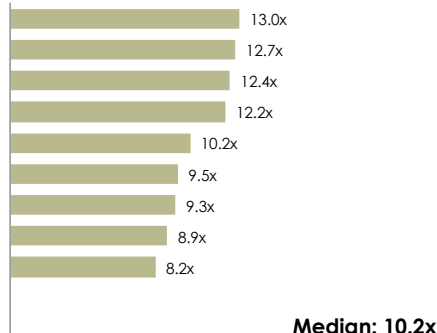
STOCK PERFORMANCE AND TRADING MULTIPLES

(\$ in millions)

Defense Prime Contractors

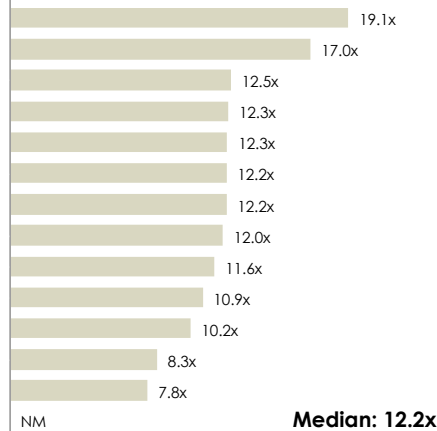
| | CY 2017E Revenue | CY 2017E EBITDA | CY 2017E EBITDA Margin | Current Stock Price | Market Cap | % of 52-Wk High | Stock Price YoY Change |
|--------------------|------------------|-----------------|------------------------|---------------------|------------|-----------------|------------------------|
| Lockheed Martin | \$50,144 | \$6,983 | 13.9% | \$269.81 | \$77,899 | 98.3% | 18.8% |
| Northrop Grumman | 25,156 | 3,704 | 14.7% | 243.97 | 42,511 | 96.1% | 20.3% |
| General Dynamics | 31,406 | 4,690 | 14.9% | 187.45 | 56,846 | 96.6% | 37.5% |
| Raytheon | 25,021 | 3,871 | 15.5% | 152.95 | 44,773 | 97.1% | 21.1% |
| Boeing | 92,007 | 11,321 | 12.3% | 179.08 | 108,148 | 96.4% | 35.7% |
| Huntington Ingalls | 7,399 | 1,053 | 14.2% | 199.44 | 9,221 | 90.4% | 38.5% |
| BAE Systems | 25,294 | 2,954 | 11.7% | 8.08 | 25,821 | 98.0% | 23.6% |
| Thales | 16,740 | 2,090 | 12.5% | 98.06 | 20,652 | 97.7% | 20.2% |
| Airbus | 73,318 | 6,936 | 9.5% | 74.94 | 57,494 | 96.8% | 23.0% |

EV / CY 2017E EBITDA



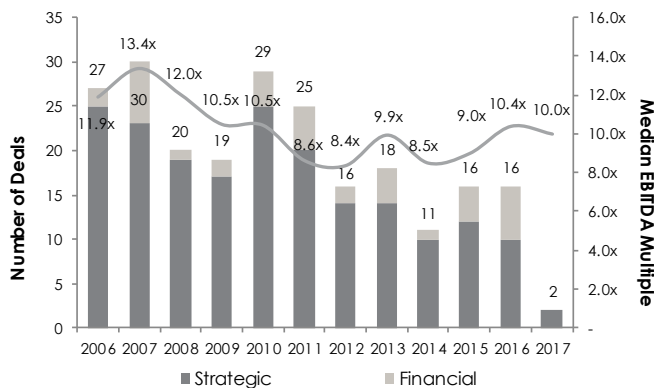
Defense Technologies

| | 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 | \$87 | 22.0% | \$39.25 | \$1,868 | 96.1% | 89.2% |
| Kratos | 710 | 54 | 7.6% | 7.50 | 653 | 81.6% | 38.6% |
| Elbit Systems Holdings | 3,260 | 410 | 12.6% | 116.15 | 4,858 | 95.8% | 14.6% |
| Teledyne Technologies | 2,231 | 401 | 18.0% | 124.42 | 4,398 | 91.6% | 37.4% |
| FLIR Systems | 1,796 | 417 | 23.2% | 35.86 | 4,829 | 95.8% | 9.2% |
| Harris | 5,845 | 1,455 | 24.9% | 109.74 | 13,636 | 97.1% | 41.3% |
| L-3 Communications | 10,769 | 1,322 | 12.3% | 166.46 | 12,925 | 97.2% | 35.9% |
| Cubic | 1,514 | 129 | 8.5% | 50.50 | 1,352 | 90.7% | 24.5% |
| Cobham | 2,589 | 368 | 14.2% | 1.62 | 3,019 | 70.1% | (17.7%) |
| Ultra Electronics Holdings | 1,059 | 200 | 18.9% | 26.38 | 1,827 | 95.6% | 16.0% |
| Orbital ATK | 4,600 | 704 | 15.3% | 97.05 | 5,597 | 94.5% | 11.7% |
| Chemring | 620 | 95 | 15.4% | 2.50 | 686 | 97.8% | 43.1% |
| Comtech Telecommunications | 576 | 65 | 11.4% | 13.75 | 318 | 55.2% | (38.8%) |
| AeroVironment | 288 | 24 | 8.2% | 28.49 | 670 | 87.8% | 0.4% |



DEFENSE M&A ACTIVITY

Enterprise Value > \$50 million



SELECT RECENT DEFENSE M&A ACTIVITY

| Announced Date | Target | Subsegment | Acquirer |
|----------------|--|---|--|
| Apr-17 | Delta Microwave | Defense Electronics | Mercury Systems |
| 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 |

GOVERNMENT SERVICES VALUATION AND M&A TRANSACTION DATA

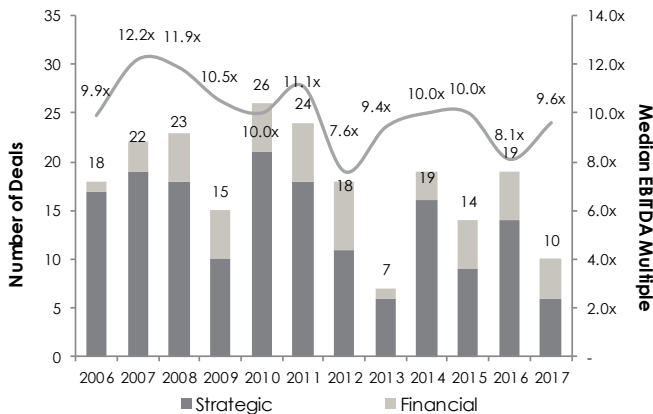
STOCK PERFORMANCE AND TRADING MULTIPLES

(\$ 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% | \$72.40 | \$3,123 | 80.6% | 35.7% | 12.0x |
| Engility | 2,000 | 179 | 8.9% | 28.34 | 1,037 | 72.4% | 52.4% | 11.6x |
| Booz Allen Hamilton | 6,018 | 579 | 9.6% | 35.29 | 5,254 | 91.6% | 24.4% | 11.3x |
| CACI International | 4,263 | 376 | 8.8% | 115.48 | 2,791 | 85.3% | 6.4% | 10.8x |
| KEYW | 450 | 44 | 9.7% | 9.30 | 454 | 68.5% | 37.2% | 10.8x |
| Leidos | 10,270 | 1,010 | 9.8% | 51.77 | 7,729 | 94.2% | (1.1%) | 10.5x |
| ManTech International | 1,660 | 125 | 7.5% | 34.83 | 1,345 | 76.5% | 8.6% | 10.2x |
| Vectrus | 908 | 34 | 3.7% | 23.96 | 256 | 68.5% | 5.7% | 8.8x |
| CSRA | 5,122 | 883 | 17.2% | 28.74 | 4,647 | 85.7% | 5.9% | 8.4x |
| NCI, Inc | 320 | 28 | 8.8% | 13.55 | 180 | 88.5% | (7.3%) | 6.6x |
| | | | | | | | | Median: 10.7x |
| Diversified Services - Heavy Government Exposure | | | | | | | | |
| Serco | \$3,961 | \$138 | 3.5% | \$1.46 | \$1,573 | 78.1% | 20.2% | 12.6x |
| CGI | 8,086 | 1,500 | 18.6% | 46.56 | 14,084 | 92.0% | (0.4%) | 10.2x |
| Jacobs | 10,608 | 651 | 6.1% | 53.87 | 6,494 | 84.9% | 26.5% | 9.7x |
| AECOM | 17,923 | 943 | 5.3% | 33.70 | 5,242 | 82.8% | 10.3% | 9.5x |
| ICF | 1,220 | 119 | 9.8% | 42.85 | 802 | 72.0% | 14.9% | 9.1x |
| Babcock International | 7,000 | 901 | 12.9% | 11.24 | 5,640 | 73.3% | (10.3%) | 8.4x |
| Fluor | 20,141 | 904 | 4.5% | 51.01 | 7,094 | 87.4% | (3.2%) | 7.7x |
| KBR | 4,351 | 312 | 7.2% | 14.86 | 2,137 | 82.8% | 1.8% | 7.2x |
| | | | | | | | | Median: 9.3x |

GOVERNMENT SERVICES M&A ACTIVITY

Enterprise Value > \$50 million



SELECT RECENT GOVERNMENT SERVICES M&A ACTIVITY

| Announced Date | Target | Subsegment | Acquirer |
|----------------|----------------------------------|--|---------------------|
| Apr-17 | InfoReliance | Software Design & Development | ECS Federal |
| Apr-17 | Reports and Requirements Company | Intelligence and Cybersecurity | Buchanan & Edwards |
| Apr-17 | Schafer Corporation | Systems Engineering and Technical Assistance | Belcan |
| Apr-17 | FCI Federal | Technical and Security Services | PAE |
| 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 |

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