



AEROSPACE, DEFENSE & GOVERNMENT SERVICES

INDUSTRY UPDATE | OCTOBER 2017



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AEROSPACE VALUATION AND M&A TRANSACTION DATA

STOCK PERFORMANCE AND TRADING MULTIPLES¹

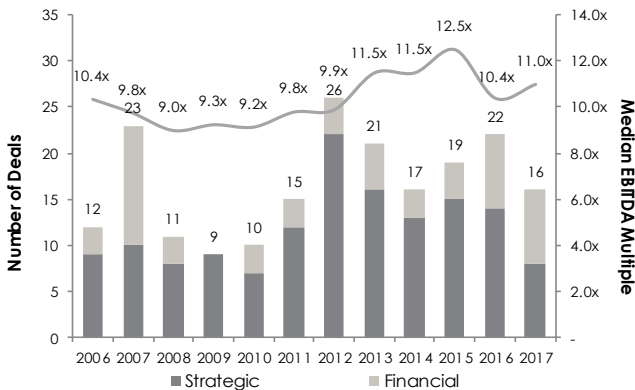
(\$ in millions)	CY2017E Revenue	CY2017E EBITDA	CY2017E EBITDA Margin	Current Stock Price	Market Cap	% of 52-Wk High	Stock Price YoY Change	EV / CY 2017E EBITDA
Aircraft OEMs								
Bombardier	\$16,315	\$974	6.0%	\$2.38	\$5,182	100.0%	68.5%	14.5x
Boeing	92,198	11,986	13.0%	263.31	156,417	98.5%	87.1%	13.4x
Airbus	78,059	7,464	9.6%	101.19	78,121	97.5%	65.2%	10.8x
Embraer	5,830	773	13.3%	4.96	3,510	79.2%	(8.6%)	6.3x
Aerospace Equipment and Structural Components								
RBC Bearings	\$665	\$172	25.9%	\$124.23	\$3,086	91.7%	82.0%	18.6x
HEICO	1,512	367	24.3%	91.35	6,962	98.2%	71.4%	18.4x
Woodward	2,088	356	17.1%	77.91	4,803	95.3%	35.6%	15.6x
TransDigm	3,553	1,711	48.2%	283.05	14,667	95.9%	6.5%	15.0x
Barnes Group	1,424	302	21.2%	66.12	3,542	90.7%	73.7%	14.0x
Hexcel	1,965	461	23.5%	61.90	5,626	96.8%	38.3%	13.8x
Astronics	625	88	14.0%	34.91	1,019	85.1%	(2.0%)	13.8x
Heroux-Dev tek	304	46	15.0%	11.68	423	93.2%	3.7%	13.3x
Spirit AeroSystems	6,913	772	11.2%	82.61	9,553	99.5%	54.4%	13.0x
BBA Aviation	2,315	441	19.0%	4.27	4,364	99.2%	30.1%	12.9x
Wesco Aircraft	1,434	139	9.7%	9.20	946	58.3%	(25.8%)	12.4x
KLX Aerospace	1,754	311	17.7%	55.51	2,893	97.9%	65.0%	12.0x
Moog	2,498	320	12.8%	87.99	3,188	98.4%	56.6%	11.9x
Kaman	1,836	167	9.1%	56.68	1,574	99.8%	32.3%	11.8x
Senior	1,320	160	12.1%	3.75	1,587	96.6%	65.3%	11.4x
Safran	19,059	3,844	20.2%	105.95	43,960	100.0%	49.2%	11.1x
Esterline Technologies	2,009	310	15.4%	94.90	2,872	92.4%	35.5%	10.9x
Ducommun	563	54	9.6%	31.00	368	87.1%	60.2%	10.7x
AAR	1,958	158	8.1%	41.31	1,431	98.5%	32.0%	10.1x
Meggitt	2,692	681	25.3%	6.85	5,264	96.9%	20.9%	10.1x
Triumph Group	3,179	285	9.0%	31.05	1,568	89.2%	29.9%	9.7x
Arconic	12,769	1,802	14.1%	25.37	12,148	82.7%	41.4%	9.5x
Magellan Aerospace	770	176	22.9%	15.11	878	91.0%	5.1%	7.0x
GKN	13,071	1,030	7.9%	4.18	7,204	88.1%	2.2%	5.8x
Rockwell Collins	6,822	1,517	22.2%	135.88	22,144	99.5%	66.4%	NM
Zodiac Aerospace	5,962	419	7.0%	28.71	8,399	92.9%	13.8%	NM
Median: 12.1x								

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	\$124,795	\$17,100	13.7%	\$19.90	\$172,921	61.5%	(30.2%)	16.4x
Ametek	4,251	1,098	25.8%	68.31	15,782	97.2%	54.9%	16.0x
Parker-Hannifin	12,029	1,885	15.7%	187.19	24,924	98.6%	56.1%	15.6x
Honeywell	40,200	8,505	21.2%	145.15	110,777	98.7%	33.8%	13.9x
Curtiss-Wright	2,247	440	19.6%	119.85	5,287	99.8%	40.0%	13.4x
Rolls Royce	18,803	1,414	7.5%	12.68	23,209	96.3%	36.6%	13.1x
Eaton	20,281	3,415	16.8%	77.69	34,975	94.4%	27.6%	12.6x
Textron	14,254	1,514	10.6%	54.11	14,298	97.0%	38.7%	11.5x
Unified Technologies	59,508	10,849	18.2%	121.16	96,994	97.1%	19.3%	10.6x
Crane	2,771	497	17.9%	84.25	5,021	97.2%	25.6%	10.6x
Median: 13.2x								

AEROSPACE M&A ACTIVITY²

Enterprise Value > \$100 million



SELECT RECENT AEROSPACE M&A ACTIVITY²

Announced Date	Target	Subsegment	Acquirer
Nov-17	Interface Displays & Controls	Avionics and Electronics	HEICO Corporation
Nov-17	FMI	Airframe and Engine Structural Components	AE Industrial Partners
Oct-17	Telefonix	Avionics and Electronics	Astronics Corporation
Oct-17	ACTS	Maintenance, Repair & Overhaul	MB Aerospace
Oct-17	VirTex Enterprises	Avionics and Electronics	Insight Equity
Oct-17	Fortner Engineering & Manufacturing	Maintenance, Repair & Overhaul	Wencor Group
Oct-17	CESA	Electromechanical, Power, and Related Proprietary	Heroux-Dev tek Inc.
Sep-17	Premier Aviation MRO Assets	Maintenance, Repair & Overhaul	AAR
Sep-17	Triumph Processing - Embee Division	Aviation Services and Support	All Metals Processing

DEFENSE VALUATION AND M&A TRANSACTION DATA

STOCK PERFORMANCE AND TRADING MULTIPLES¹

(\$ 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	EV / CY 2017E EBITDA
Northrop Grumman	\$25,528	\$3,772	14.8%	\$301.32	\$52,460	98.3%	31.8%	15.2x
Raytheon	25,370	3,892	15.3%	185.47	53,198	97.5%	37.1%	14.9x
Lockheed Martin	50,673	7,093	14.0%	310.85	89,134	96.5%	26.8%	14.4x
General Dynamics	31,170	4,660	14.9%	204.19	60,857	95.1%	36.4%	13.9x
Boeing	92,198	11,986	13.0%	263.31	156,417	98.5%	87.1%	13.4x
Huntington Ingalls	7,363	1,050	14.3%	233.33	10,651	98.5%	45.9%	10.9x
Airbus	78,059	7,464	9.6%	101.19	78,121	100.0%	65.2%	10.8x
Thales	18,185	2,209	12.1%	104.69	22,022	91.3%	6.2%	9.1x
BAE Systems	25,639	2,973	11.6%	7.70	24,268	87.5%	10.1%	9.0x

Median: 13.4x

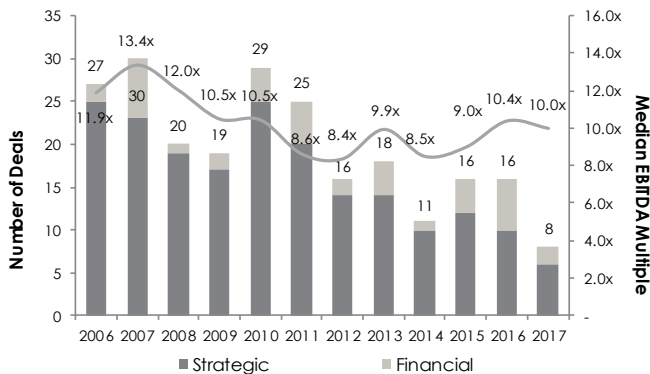
Defense Technologies

Mercury Systems	\$409	\$74	18.0%	\$51.53	\$2,515	94.6%	97.8%	32.7x
Kratos	741	54	7.3%	11.26	1,236	80.8%	107.4%	30.1x
Teledyne Technologies	2,568	443	17.2%	180.03	6,293	100.0%	74.8%	17.3x
Cubic	1,478	103	7.0%	54.80	1,508	96.1%	32.0%	16.6x
FLIR Systems	1,800	392	21.8%	46.61	6,474	100.0%	42.5%	16.6x
Elbit Systems Holdings	12,482	1,515	12.1%	149.98	6,393	97.9%	56.9%	15.5x
Harris	5,900	1,386	23.5%	138.45	16,342	97.5%	48.6%	14.7x
L-3 Communications	10,935	1,336	12.2%	187.03	14,656	97.4%	38.7%	13.4x
Ultra Electronics Holdings	1,061	157	14.8%	23.90	1,854	83.4%	(0.5%)	12.9x
Cobham	2,636	373	14.1%	1.81	4,312	91.4%	9.7%	10.0x
Comtech Telecommunications	550	71	12.8%	21.15	497	92.4%	118.9%	9.2x
Chemring	712	97	13.6%	2.22	619	86.7%	18.9%	6.1x
Orbital ATK	4,642	715	15.4%	132.63	7,650	98.5%	83.7%	NM
AeroVironment	292	25	8.7%	50.66	1,223	90.9%	113.8%	NM

Median: 15.1x

DEFENSE M&A ACTIVITY²

Enterprise Value > \$50 million



SELECT RECENT DEFENSE M&A ACTIVITY²

Announced Date	Target	Subsegment	Acquirer
Oct-17	Excelitas Technologies	Defense Electronics	AEA Investors
Oct-17	Aurora Flight Sciences	Unmanned Systems	Boeing
Sep-17	Orbital ATK	Weapon Systems and Munitions	Northrop Grumman
Sep-17	Doss Aviation	Flight Training	L3 Technologies
Sep-17	Adaptive Methods	Unmanned Systems	L3 Technologies
Aug-17	United Shield International	Tactical and Protection Equipment and Systems	Point Blank Enterprises
Aug-17	Cyalume Technologies	Tactical and Protection Equipment and Systems	Arsenal Capital Partners
Jul-17	Richland Technologies	Defense Electronics	Mercury Systems
Jul-17	Gemini Technologies	Weapon Systems and Munitions	American Outdoor Brands

GOVERNMENT SERVICES VALUATION AND M&A TRANSACTION DATA

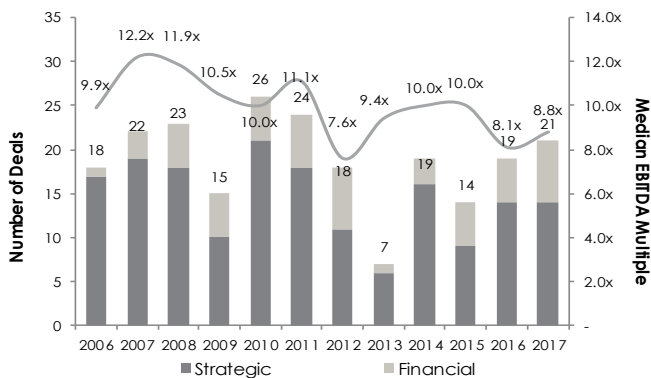
STOCK PERFORMANCE AND TRADING MULTIPLES¹

(\$ 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
ManTech International	\$1,716	\$130	7.6%	\$49.81	\$1,988	96.6%	32.5%	13.9x
SAIC	4,360	299	6.9%	71.37	3,099	79.4%	5.2%	13.6x
CACI International	4,355	369	8.5%	131.90	3,271	89.5%	32.6%	12.8x
Booz Allen Hamilton	6,147	586	9.5%	38.04	5,621	95.9%	21.9%	12.3x
Leidos	10,221	1,024	10.0%	63.81	9,499	99.5%	54.8%	12.2x
KEYW	461	45	9.8%	5.32	386	39.2%	(48.8%)	11.4x
Engility	1,971	182	9.2%	28.76	1,243	73.4%	0.2%	11.1x
CSRA	5,108	802	15.7%	31.68	5,210	94.1%	23.9%	9.9x
Vectrus	1,056	39	3.7%	31.27	349	87.9%	89.1%	9.6x
Median: 12.2x								
Diversified Services - Heavy Government Exposure								
CGI	\$8,532	\$1,536	18.0%	\$52.53	\$15,578	97.5%	5.8%	14.0x
Serco	3,990	114	2.9%	1.51	1,648	80.9%	(15.8%)	12.8x
ICF	1,213	116	9.6%	52.55	1,004	88.2%	8.8%	10.5x
Fluor	19,207	610	3.2%	46.38	6,220	79.5%	(9.9%)	10.3x
Jacobs	9,971	659	6.6%	59.05	7,067	93.1%	16.8%	10.2x
AECOM	17,967	913	5.1%	35.85	5,554	88.0%	32.2%	9.9x
KBR	4,231	348	8.2%	19.93	2,758	100.0%	40.2%	8.0x
Babcock International	7,176	900	12.5%	10.66	5,351	80.0%	(16.4%)	7.9x
Median: 10.3x								

GOVERNMENT SERVICES M&A ACTIVITY²

Enterprise Value > \$50 million



SELECT RECENT GOVERNMENT SERVICES M&A ACTIVITY²

Announced Date	Target	Subsegment	Acquirer
Oct-17	Morphick	Intelligence and Cybersecurity	Booz Allen Hamilton
Oct-17	DXC USPS Business / Vencore / Keypoint	IT Services and Consulting	Merger - Independent Public Company
Oct-17	Praxis Engineering Technologies	Systems Engineering and Technical Assistance	CSRA
Oct-17	Onvia	Software and Information Services	Deltek
Oct-17	FedBid	Software and Information Services	Compusearch
Oct-17	Xebec Global Corporation	Intelligence and Cybersecurity	Arlington Capital Partners
Sep-17	InfoZen	Technical & Security Services	ManTech
Sep-17	Blue Canopy	Cybersecurity	Jacobs Engineering Group
Aug-17	OMNIPLEX	Technical and Security Services	Constellis

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SOURCES

1. FactSet
2. Mergermarket

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