



## AEROSPACE, DEFENSE & GOVERNMENT SERVICES

INDUSTRY UPDATE | SEPTEMBER 2017



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# AEROSPACE VALUATION AND M&A TRANSACTION DATA

## STOCK PERFORMANCE AND TRADING MULTIPLES<sup>1</sup>

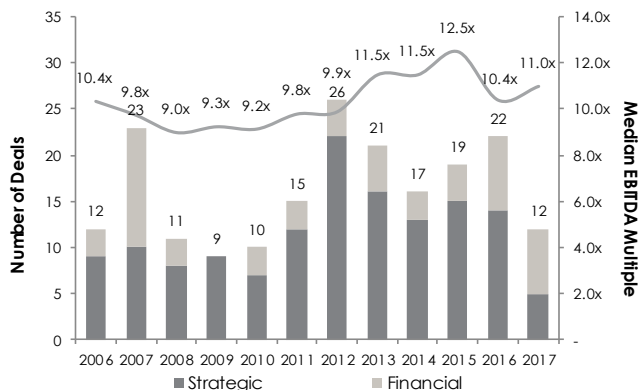
(\$ in millions)	CY2017E Revenue	CY2017E EBITDA	CY2017E EBITDA Margin	Current Stock Price	Market Cap	% of 52-Wk High	Stock Price YoY Change	EV / CY 2017E EBITDA
<b>Aircraft OEMs</b>								
Boeing	\$92,003	\$11,872	12.9%	\$254.61	\$150,259	98.2%	94.3%	13.1x
Bombardier	16,785	988	5.9%	1.73	4,072	81.4%	28.6%	12.9x
Airbus	78,971	7,730	9.8%	94.59	73,621	99.5%	51.2%	9.6x
Embraer	5,881	829	14.1%	5.66	4,188	90.4%	25.7%	6.4x
<b>Median: 11.2x</b>								
<b>Aerospace Equipment and Structural Components</b>								
RBC Bearings	\$665	\$172	25.9%	\$125.36	\$3,035	98.2%	65.2%	18.7x
HEICO	1,512	367	24.3%	90.40	6,895	99.0%	64.3%	18.4x
Woodward	2,088	356	17.1%	78.57	4,759	99.5%	27.6%	15.7x
TransDigm	3,553	1,713	48.2%	257.42	13,271	87.3%	(10.3%)	14.2x
Barnes Group	1,406	308	21.9%	71.31	3,792	100.0%	78.8%	13.3x
Hexcel	1,985	468	23.6%	58.15	5,155	99.8%	34.1%	13.1x
Wesco Aircraft	1,439	139	9.7%	9.57	936	60.7%	(28.6%)	12.6x
BBA Aviation	2,315	441	19.0%	4.00	4,131	95.5%	19.6%	12.3x
Spirit AeroSystems	6,902	789	11.4%	78.32	9,196	98.8%	77.7%	12.2x
Astronics	625	89	14.2%	30.03	866	64.4%	(20.2%)	11.9x
Moog	2,465	313	12.7%	85.56	2,991	100.3%	47.3%	11.9x
Kaman	1,855	168	9.0%	55.93	1,556	99.2%	28.3%	11.7x
Heroux-Dev tek	312	47	15.2%	10.98	375	17.7%	1.6%	11.7x
KLX Aerospace	1,754	311	17.7%	54.01	2,722	99.3%	56.5%	11.6x
Senior	1,356	164	12.1%	3.72	1,553	98.7%	22.1%	11.0x
Safran	19,200	3,840	20.0%	102.15	42,616	99.4%	36.6%	10.7x
Esterline Technologies	2,011	310	15.4%	92.85	2,702	90.4%	23.7%	10.7x
Meggitt	2,779	683	24.6%	6.98	5,423	100.0%	16.0%	10.2x
Ducommun	565	54	9.5%	32.24	363	90.6%	47.8%	9.9x
Triumph Group	3,179	285	9.0%	30.75	1,476	88.4%	12.7%	9.7x
AAR	1,953	157	8.1%	38.33	1,308	97.5%	27.8%	9.5x
Aconic	12,493	1,860	14.9%	25.74	10,973	83.9%	--	8.9x
Magellan Aerospace	791	176	22.3%	14.40	833	86.8%	11.9%	6.7x
GKN	13,454	1,090	8.1%	4.62	7,973	97.4%	8.4%	6.0x
Rockwell Collins	6,860	1,575	23.0%	131.25	21,279	97.0%	55.8%	NM
Zodiac Aerospace	6,060	421	6.9%	28.73	8,450	93.0%	13.9%	NM
<b>Median: 11.7x</b>								

## Diversified Industrial – Heavy Aerospace Exposure

Ametek	\$4,190	\$1,087	25.9%	\$66.70	\$15,242	100.0%	41.2%	15.9x
General Electric	125,979	20,100	16.0%	24.46	209,349	75.5%	(17.2%)	15.6x
Parker-Hannifin	12,029	1,894	15.7%	175.38	23,313	98.7%	41.4%	15.0x
Honeywell	39,809	8,624	21.7%	142.32	108,054	100.2%	23.2%	13.3x
Eaton	20,150	3,441	17.1%	77.41	34,156	94.8%	20.7%	12.2x
Curtiss-Wright	2,215	442	20.0%	105.14	4,614	97.7%	17.0%	12.1x
Rolls Royce	19,373	1,486	7.7%	11.99	21,904	91.1%	28.6%	11.8x
Textron	14,475	1,510	10.4%	54.25	14,263	100.3%	37.3%	11.6x
Crane	2,750	493	17.9%	80.70	4,767	95.7%	29.5%	10.4x
United Technologies	59,448	10,772	18.1%	117.08	92,722	93.8%	15.9%	10.2x
<b>Median: 12.2x</b>								

## AEROSPACE M&A ACTIVITY<sup>2</sup>

Enterprise Value > \$100 million



## SELECT RECENT AEROSPACE M&A ACTIVITY<sup>2</sup>

Announced Date	Target	Subsegment	Acquirer
Sep-17	Premier Aviation MRO Assets	Maintenance, Repair & Overhaul	AAR
Sep-17	Triumph Processing - Embee Division	Maintenance, Repair & Overhaul	All Metals Processing
Sep-17	Skyservice	Aviation Services and Support	InstarAGF
Sep-17	Lightning Diversion Systems	Electromechanical, Power, and Related Proprietary	Ducommun
Sep-17	B&F Design	Equipment & Tooling	Cyient Ltd
Sep-17	Infotech Aerospace Services	Aviation Software	Pratt & Whitney
Sep-17	Rotable Repairs	Maintenance, Repair & Overhaul	Desser Holdings, LLC
Sep-17	Rockwell Collins	Avionics, Electronics and Interiors	United Technologies Corp.
Aug-17	Pattonair	Supply Chain Management and Distribution	Platinum Equity

# DEFENSE VALUATION AND M&A TRANSACTION DATA

## STOCK PERFORMANCE AND TRADING MULTIPLES<sup>1</sup>

(\$ 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
Lockheed Martin	\$50,598	\$6,924	13.7%	\$310.49	\$89,361	99.7%	28.1%	14.5x
Raytheon	25,294	3,889	15.4%	187.33	54,155	100.0%	37.2%	14.4x
Northrop Grumman	25,330	3,773	14.9%	288.84	50,107	100.0%	35.2%	14.2x
General Dynamics	31,230	4,670	15.0%	208.00	61,563	100.0%	33.7%	13.6x
Boeing	92,003	11,872	12.9%	254.61	150,259	98.2%	94.3%	13.1x
Huntington Ingalls	7,360	1,051	14.3%	229.65	10,282	100.0%	50.6%	10.7x
Thales	18,485	2,228	12.1%	112.40	23,972	98.4%	16.9%	9.7x
Airbus	78,971	7,730	9.8%	80.37	73,621	100.0%	51.2%	9.6x
BAE Systems	26,334	3,075	11.7%	8.37	26,988	95.2%	20.3%	9.4x

Median: 13.1x

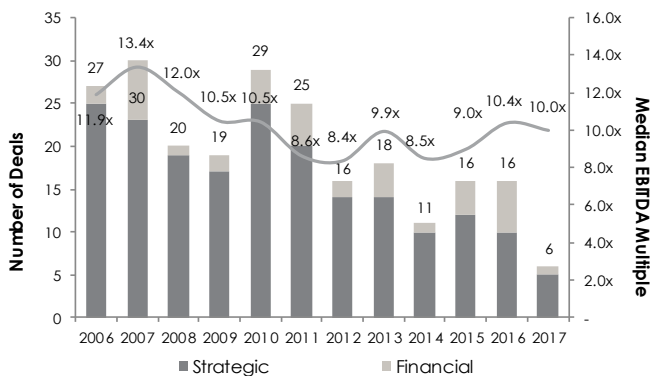
### Defense Technologies

Mercury Systems	\$409	\$74	18.1%	\$52.10	\$2,496	100.0%	115.4%	31.2x
Kratos	737	54	7.3%	13.22	1,350	94.9%	94.7%	29.9x
Teledyne Technologies	2,553	426	16.7%	161.86	5,624	100.0%	51.8%	16.5x
Cubic	1,488	103	6.9%	51.45	1,383	92.5%	11.3%	15.7x
Elbit Systems Holdings	12,482	1,515	12.1%	147.67	6,284	100.0%	54.6%	14.9x
FLIR Systems	1,798	394	21.9%	40.59	5,338	99.6%	29.6%	14.5x
Harris	5,900	1,386	23.5%	132.60	15,684	100.0%	46.3%	14.5x
L-3 Communications	10,963	1,345	12.3%	191.02	14,739	99.9%	26.7%	13.5x
Ultra Electronics Holdings	1,088	153	14.1%	24.05	1,875	83.9%	2.0%	13.3x
Cobham	2,712	384	14.1%	1.93	4,674	97.8%	(1.4%)	9.9x
Comtech Telecommunications	550	71	12.8%	19.40	484	90.7%	47.8%	8.6x
Chemring	735	100	13.6%	2.39	674	93.1%	25.5%	6.2x
Orbital ATK	4,644	716	15.4%	133.56	7,673	100.0%	77.0%	NM
AeroVironment	292	25	8.7%	54.56	1,290	100.0%	125.4%	NM

Median: 14.5x

## DEFENSE M&A ACTIVITY<sup>2</sup>

Enterprise Value > \$50 million



## SELECT RECENT DEFENSE M&A ACTIVITY<sup>2</sup>

Announced Date	Target	Subsegment	Acquirer
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
Jul-17	Sparton	Defense Electronics	Ultra Electronics
Jul-17	CPI International	Defense Electronics	Odyssey Investment Partners

# GOVERNMENT SERVICES VALUATION AND M&A TRANSACTION DATA

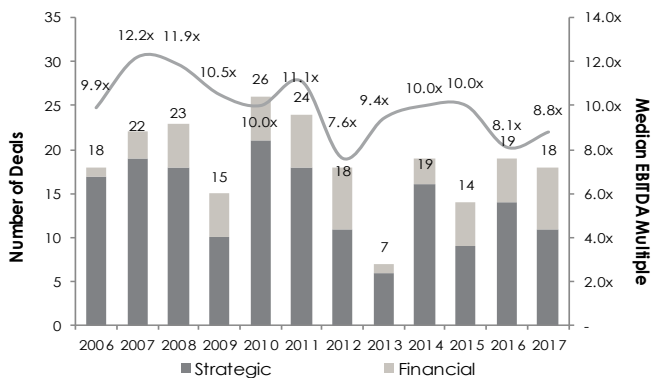
## STOCK PERFORMANCE AND TRADING MULTIPLES<sup>1</sup>

(\$ 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
KEYW	\$464	\$47	10.1%	\$7.47	\$379	55.1%	(30.5%)	13.3x
ManTech International	1,679	127	7.6%	44.61	1,717	98.0%	19.3%	12.8x
Engility	1,971	181	9.2%	35.17	1,275	89.8%	11.6%	12.7x
SAIC	4,361	302	6.9%	67.51	2,891	75.1%	(2.6%)	12.3x
CACI International	4,355	369	8.5%	141.10	3,409	98.8%	40.5%	12.2x
Booz Allen Hamilton	6,147	586	9.5%	37.57	5,559	94.7%	18.1%	12.2x
Leidos	10,291	1,017	9.9%	59.96	8,955	100.0%	37.9%	11.6x
CSRA	5,113	799	15.6%	32.68	5,275	97.1%	20.8%	10.1x
Vectrus	1,056	39	3.7%	31.34	342	88.1%	13.4%	9.7x
<b>Median: 12.2x</b>								
Diversified Services - Heavy Government Exposure								
CGI	\$8,738	\$1,574	18.0%	\$51.62	\$15,277	96.0%	2.9%	12.8x
Serco	4,086	115	2.8%	1.51	1,699	80.9%	(12.6%)	12.6x
ICF	1,216	117	9.6%	54.50	1,011	91.5%	24.5%	11.2x
Jacobs	9,967	658	6.6%	58.63	7,011	92.4%	12.8%	10.2x
AECOM	17,967	915	5.1%	37.04	5,769	91.0%	25.9%	10.0x
Fluor	18,938	605	3.2%	42.72	5,890	73.2%	(15.7%)	9.4x
Babcock International	7,379	929	12.6%	11.00	5,613	80.6%	(20.7%)	7.8x
KBR	4,272	342	8.0%	18.02	2,501	98.8%	20.9%	7.4x
<b>Median: 10.1x</b>								

## GOVERNMENT SERVICES M&A ACTIVITY<sup>2</sup>

Enterprise Value > \$50 million



## SELECT RECENT GOVERNMENT SERVICES M&A ACTIVITY<sup>2</sup>

Announced Date	Target	Subsegment	Acquirer
Sep-17	InfoZen	Technical & Security Services	ManTech
Sep-17	Blue Canopy	Cybersecurity	Jacobs Engineering Group
Aug-17	OMNIPLEX	Technical and Security Services	Constellis
Jul-17	Superior Resource Group	Logistics Services	NSC Technologies
Jul-17	Tribridge	IT Services and Consulting	DXC Technology
Jul-17	NCI	Enterprise Solutions	HIG Capital
Jun-17	American K9 Detection	Security Support Services	Constellis
Jun-17	NorthStar Group	Technical and Security Services	JF Lehman & Co.
Jun-17	ABM Government Services	Intelligence and Cybersecurity	Valliant Integrated Services

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## SOURCES

1. FactSet
2. Harris Williams & Co. proprietary information

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