

# MarketView

## Spring 2015

### Aerospace / Defense and Government Technology Solutions



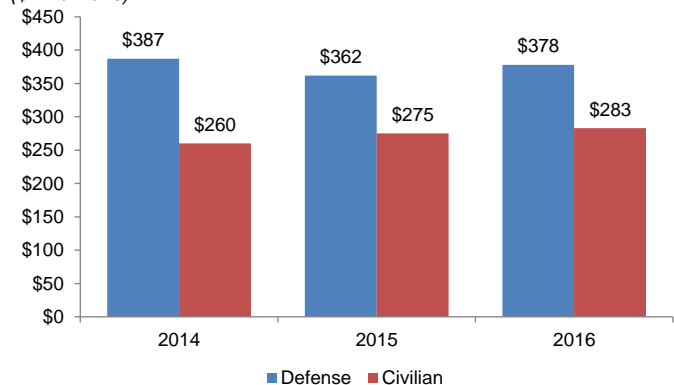
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## Operational / Funding Environment

On February 2<sup>nd</sup>, the Obama Administration released its Government Fiscal Year (“GFY”) 2016 budget proposal, requesting nearly \$4 trillion, including a base budget of \$534.4 billion for the Department of Defense (“DoD”). The request exceeds the spending caps imposed by the Budget Control Act (“BCA”) and the Ryan-Murray budget deal by a cumulative \$155 billion between GFY2016 and GFY2020. Moreover, the DoD request includes an additional \$50.9 billion in the Overseas Contingency Operations (“OCO”) account. Notably, investment accounts were prioritized in the request, with procurement increasing 15% and Research, Development, Test, and Evaluation (“RDT&E”) increasing 10%. However, the House of Representatives and the Senate subsequently approved individual budget resolutions that diverge from the Administration’s request and fail to remove the threat of sequestration. The House and Senate versions include a \$499.0 billion base budget, along with \$96.0 billion and \$89.0 billion in supplemental funding, respectively.

**Total Contractor-Addressable Budget by Buyer Segment<sup>(1)(2)</sup>**  
(\$ in billions)



The GFY2016 budget is expected to influence merger and acquisition (“M&A”) trends throughout the A&D industry. First, budgetary news may prompt divestitures, as companies restructure around priority spending areas and divest non-core assets. Select examples include (i) Finmeccanica’s plans to pursue the sale of assets of DRS Technologies, which it purchased in 2008 for \$5.2 billion, and which has fallen over 40% in value as a result of budget cuts; and (ii) United Technologies Corporation’s (“UTC”) announcement it is considering a sale or spinoff of Sikorsky, due to years of inconsistent revenue, shrinking profit margins, and a lack of strategic fit with the rest of its portfolio. Budgetary pressure also drives transactions as companies seek opportunities to enhance capabilities and bolster contract portfolios. Harris’ acquisition of Exelis, for instance, hints that consolidation among mid-tier defense companies is gaining viability on the heels of stagnant government spending. Lastly, in the current environment, major contract awards lead to speculation around potential transactions. Specifically, the U.S. Air Force’s award of the next generation Long-Range Strike Bombers (“LRS-B”), expected this spring, has caused speculation about a potential acquisition of Northrop Grumman’s aircraft unit. If Northrop wins the contract, the unit could add a solidified combat aircraft presence to a defense prime’s portfolio. On the other hand, should Northrop lose, it will no longer be a combat aircraft prime, potentially prompting a decision to divest the aircraft unit, in which case the major defense primes would be the most likely buyers.

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Performance across the aerospace sector has remained positive thus far in 2015, with airlines reporting record profits amid low fuel prices and heightened travel demand. Despite investor concern, demand for new aircraft has remained high with limited cancellations and order delays. As such, both Airbus and Boeing again ramped up scheduled production rates of their single-aisle jets to 52 per month by 2018 for the 737 and 50 per month by 2017 for the A330.

The President’s budget also included an \$86.4 billion request for Information Technology (“IT”) spending, a \$2.3 billion increase from GFY2015; \$49.1 billion for civilian agencies, up 2.5%, and the remaining \$37.3 billion for DoD agencies, up 3.0%. Better oversight, increased focus on agile development, and a shift toward provisional services have enabled agencies to more closely control costs and expanded the contractor-addressable IT portion of the budget by approximately 3.0%. Despite historical savings recognized by the Government, data proliferation has created a greater need to drive progress on cross-agency management priorities and shared services. Moreover, the Government continues to look for innovative ideas and ways to scale digital services across its 25 largest agencies, while giving contracting officers and program managers the mandate to take smart risks when managing or buying technology. In support of this effort, the White House has requested raising the simplified acquisition threshold from \$150,000 to \$500,000, broadening the range of permissible purchases while increasing the flow of IT contracting dollars.

In addition to the IT request, the White House requested \$14.0 billion to fund cybersecurity initiatives, inclusive of \$5.5 billion for the DoD’s creation of the Office of the Director of National Intelligence’s Cyber Threat Intelligence Integration Center (“CTIIC”). This new agency, designed to combat cyber threats and to coordinate digital intelligence among federal agencies, was developed under a presidential memorandum to “connect the dots” among cyber threats in as close to real time as possible. The CTIIC will work closely with all intelligence agencies and relevant departments to coordinate a variety of “cyber threat assessments,” including: (i) the National Cybersecurity and Communications Integration Center’s network defense and incident response mission; (ii) the National Cyber Investigative Joint Task Force’s mission to coordinate, integrate, and share information related to domestic cyber threat investigations; and (iii) the U.S. Cyber Command’s mission to defend the nation from significant attacks in cyberspace.



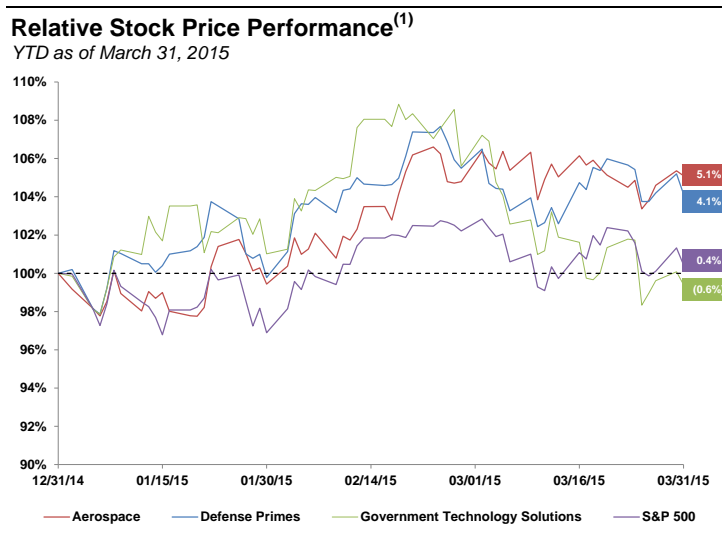
(1) Office of Budget and Management (“OBM”), Deltek  
(2) Includes GFY2014 and GFY2015 enacted levels and GFY2016 request

## Capital Markets and Public Market Valuation Trends

Coming off strong operational performance in 2014, major aerospace companies, as well as investors and research analysts, remain generally positive on the sector's near-term outlook, yet cautious over potential risks associated with delivery execution. Boeing (up 14.4% YTD<sup>(2)</sup>) noted the company has not seen any slowdown in order flow as a result of lower oil prices, and customers are even asking for earlier deliveries of new aircraft. Similarly, analysts have noted Airbus (up 31.1% YTD) could see over 20% growth in Earnings per Share ("EPS") and record-high Earnings Before Interest Taxes Depreciation & Amortization ("EBITDA") margins as a result of increased deliveries and production efficiencies on the A350 program. Bombardier (down 44.7% YTD), however, continues to battle performance shortfalls on its major programs, highlighted by the announcement it was halting production on the Learjet 85 program. In addition to order flow and production activity, aerospace shares have also been driven by aggressive corporate M&A strategies. Esterline Technologies (up 3.4% YTD) has been rewarded by investors given an improved margin outlook resulting from the \$187 million acquisition of Barco N.V.'s A&D displays business in September, as well as plans to divest four non-core businesses to right-size its cost structure. Shares of AAR (up 11.4% YTD) jumped 5.5% following the announcement of the sale of its Telair Cargo Group business to TransDigm (up 11.4% YTD) for \$725 million, while shares of TransDigm also rose 4.3%, as the acquisition supplements the company's existing line of highly engineered aerospace products with significant and growing aftermarket exposure.

Shares of major defense contractors have continued to climb in 2015, resulting from a stronger budget outlook and shareholder-friendly capital deployment strategies focused heavily on stock repurchases. With the President's GFY2016 budget largely ignoring BCA spending caps, major platforms are slated for growth over the coming fiscal years. Projected growth on the Trident D5 submarine-launched missile program, the Advanced Anti-Radiation Guided Missile air-to-ground missile program, and the NASA Space Launch System strongly positions Orbital-ATK (up 24.3% YTD)<sup>(3)</sup> for earnings growth and cash flow generation over the near-term. Similarly, anticipated production growth for the F-35 has supported the program's prime contractor, Lockheed Martin (up 3.2% YTD), and further upside may exist for Lockheed as higher volume decreases unit costs, driving profitability. In addition to expected budget growth on major defense and space programs, strategic focus on share repurchases continues to be favored by investors. Northrop Grumman (up 8.9% YTD) remains a prime example of how many publicly-traded defense contractors have used buybacks to support share prices despite headwinds to topline revenue. Northrop remains on target to repurchase 25% of its stock by the end of FY2015, which would suggest a total buyback for the year of \$2.7 billion - \$2.8 billion at current prices.

Government Technology Solutions companies have underperformed the S&P 500 by 1.0% for the YTD period ending March 31, 2015. Earnings announcements have generally been in line with expectations (e.g., CACI and Maximus have reaffirmed guidance for FY2015). The combination of a stabilized budgetary environment and the realization of long-term growth strategies, such as the consummation of acquisitions and diversification into the commercial sector, have contributed to top-line results. Greater clarity in the funding environment is also expected to drive stronger future spending by agencies and encourage the release of large Requests for Proposals ("RFP") in 2015. Public companies have reiterated an expectation of increased proposal activity in 2015, a continuation of the trend seen in late-2014. Acquisitions have also helped speed up a return to growth – for ManTech, acquisitions accelerated its expected inflection point of revenue growth from 2H15 to 1H15, and NCI now expects a return to growth in 2015 rather than 2016 due to its acquisition of Computech. In addition, large contractors have been capitalizing on the diversification of their solutions into commercial sectors to balance out the decline of Federal revenue. In particular, ICF is looking to build scale in its commercial business and is expecting this to offset an expected decline in its 2015 Federal revenue. KeyW has also communicated strong growth in Hexis, its commercial cyber solutions business. Gaining momentum in the sector, Hexis expects an increase in bookings of 170-280% over FY2014.



(1) S&P Capital IQ, company filings, and KippsDeSanto research

(2) YTD as of March 31, 2015

(3) Represents YTD since Orbital-ATK's first trading day as a newly formed entity (February 10, 2015)

## M&A Trends & Activity

Overall A&D transaction activity was lower in 1Q15 as compared to 1Q14, with 46 deals announced in 1Q15 and 58 in 1Q14. Aerospace M&A was significantly lower in 1Q15, largely as a result of particularly robust deal volume in 1Q14; however, activity in subsectors such as aerostructures and components remained strong. Defense M&A was slightly higher in 1Q15 as compared to 1Q14, with continued strength in defense electronics and C4ISR. Divestitures remained a meaningful element of overall transactions for both markets in 1Q15, accounting for approximately 20% of overall deal volume. Additionally, favorable credit markets continue to provide tailwinds for overall M&A volume in both markets, with 1Q15 sponsor deals including The Carlyle Group’s acquisition of General Dynamics’ Axletech business, Onex Corporation’s \$679.7 million acquisition of Survitec Group from Warburg Pincus, and Blue Wolf Capital’s acquisition of North American Rescue from Sentinel Capital Partners.

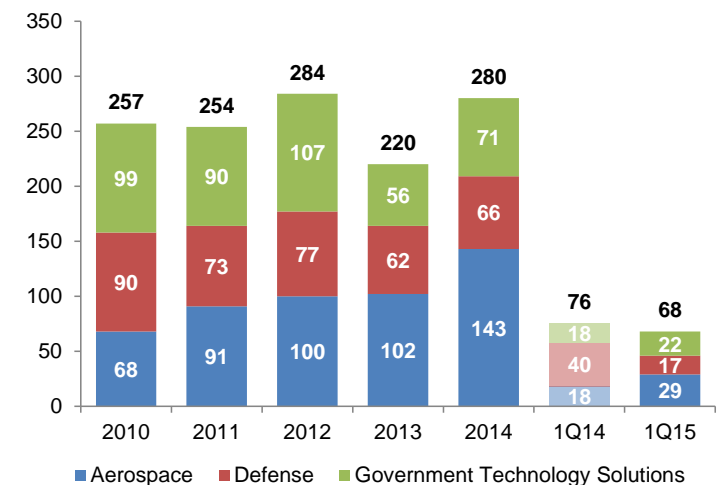
The aerospace sector continues to see consolidation activity throughout the supply chain, highlighted by Alcoa’s \$1.3 billion purchase of RTI International Metals, which represented a 13.1x multiple over RTI’s Last Twelve Months (“LTM”) EBITDA, and RBC Bearings’ \$500 million announced purchase of Sargent Aerospace, representing a 13.3x LTM EBITDA multiple. Additional examples include PCX Aerostructures’ purchase of Cam-Tech Manufacturing, and Meggitt’s acquisition of Precision Engine Controls Corporation from UTC for \$44.2 million, or ~8.1x EBITDA. Recent earnings commentary also indicates M&A remains a primary growth strategy for aerospace companies, which suggests deal activity should prove strong throughout the year. Precision Castparts Corporation reiterated its focus on an aggressive acquisition strategy to supplement organic growth, while HEICO Corporation noted its M&A pipeline has never been as robust as it is now. Furthermore, with almost \$10 billion in cash and ample debt capacity, Honeywell is gearing up to meet its goal of \$10 billion in acquisitions by the end of 2018, with its aerospace and security business a likely beneficiary of these funds.

Defense M&A remains concentrated within a few key subsectors, particularly among defense primes. Within these key subsectors, namely defense electronics and C4ISR, deal activity is strong, headlined by Harris’ acquisition of Exelis, for \$4.4 billion, or ~9.3x EBITDA. As illustrated by the Harris / Exelis and Orbital / ATK transactions, the ability to realize significant cost synergies and enhance price competitiveness, as well as the ability to land new programs and customer sets are compelling factors for defense firms to pursue acquisitive growth. In turn, these competitive pressures may accelerate deal volume over the near-term.

The Government Technology Solutions M&A market has kicked off 2015 with 22 announced transactions for the YTD period ending March 31, 2015, four more than the same period during 2014. Of the 22 deals in 1Q15, 16 were in the priority market areas of big data, cloud, cyber, and intel. Companies with cybersecurity and cloud capabilities have been particularly in demand, comprising 35% and 20% of 1Q15 deals, respectively. Overall, the market has been active for both large public contractors and middle market companies, as opposed to private equity and smaller merger of equal type buyers. Public contractors have continued their focus on acquiring targets of meaningful size in priority areas such as Healthcare IT (“HIT”), cloud, and cyber; exemplified by Accenture acquiring Agilex, SAIC’s purchase of Scitor, and Maximus acquiring Acentia. Middle market firms remain focused on using M&A to grow capability sets and scale. Priority M&A markets are expected to continue to be very active in 2015; however, buyers have further refined strategies and are now more judicious within priority capability areas. Focus areas within HIT are analytics, quality of care and outcomes, and prevention of fraud. In cyber, cyber remediation and forensics, end point technology development and deployment, and cyber analytics capabilities are increasingly sought out. Additionally, awardees of large-scale government contract opportunities, most of which are follow-on contract vehicles, will be well-positioned during the next upswing in the contracting cycle. These awardees may be targets for those potential buyers excluded from major awards such as Alliant II, Responsive Strategic Sourcing for Services (“RS3”), Transformation Twenty One Total Technology Program Next Generation (“T4NG”), Defense Health Information Technology Services Generation I (“DHITS GEN I”), and Enhanced Solutions for the Information Technology Enterprise (“E-SITE”).

**M&A Transaction Volume<sup>(1)</sup>**

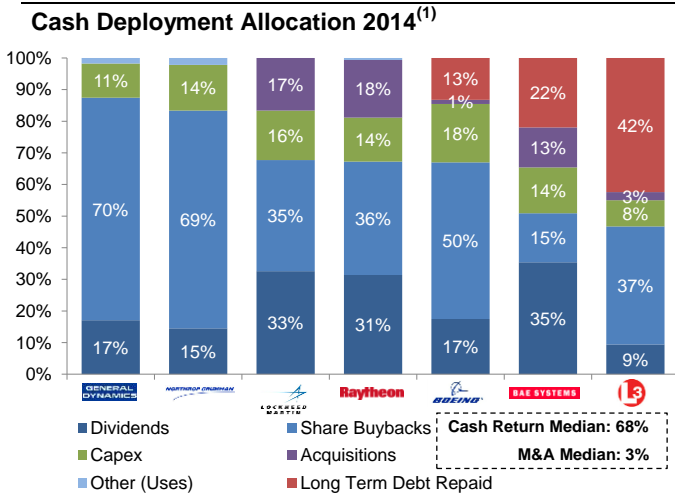
YTD as of March 31, 2015



(1) S&P Capital IQ, company filings, and KippsDeSanto research



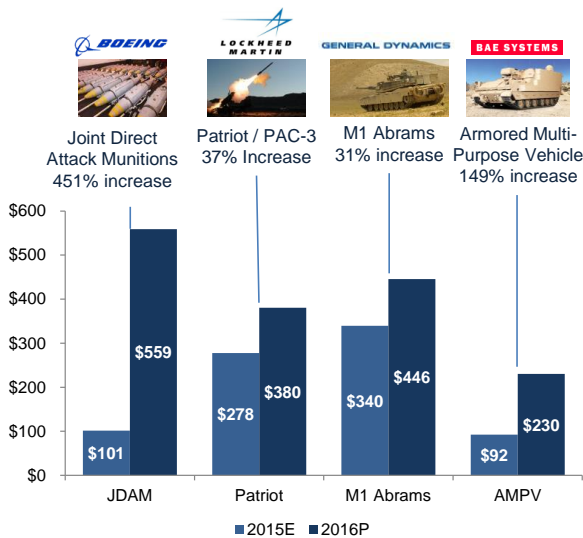
## Defense Update



### CASH DEPLOYMENT BY DEFENSE PRIMES 2014

Having stockpiled cash over the last couple of years, through a period of budgetary decline and uncertainty, large defense primes have begun returning cash through shareholder-friendly buybacks and dividends. General Dynamics, for example, returned over 87% of its cash deployed to investors and plans to maintain these levels by returning 100% of free cash flow for the foreseeable future. The median percentage of cash allocated for dividends and share repurchases reached nearly 70% of the total deployed cash in 2014 while the median of cash allocated for M&A was only 3%. As a group, the defense primes have taken a relatively conservative approach to M&A, given a lack of sizable, actionable transactions. Even among more active primes, less than 20% of cash was used for acquisitions.

### 2016 Increase in Select Program Funding<sup>(2)</sup>



### GFY2016 BUDGET REQUEST PROJECTS SIGNIFICANT GROWTH IN SELECT PROGRAMS

After years of spending on counter-insurgency efforts in Iraq, the Pentagon's GFY2016 Budget request re-emphasized spending on innovation through its growth in RDT&E and procurement accounts. The budget request for Joint Direct Attack Munitions ("JDAM"), a system that converts "dumb bombs" to guided munitions, was significantly higher for 2016 as the system is critical in the air war in Iraq and Syria. This request included \$375 million in base budget and \$184 million in OCO spending, a grand total that exceeded GFY2015 levels by 451%. Secondly, more funds were allocated to the development of the Armored Multi-Purpose Vehicle ("AMPV") for final prototype designs and integration as the current vehicles in military use are largely out-of-date and inadequate for infantry operations. Growth in programs such as these provides additional clarity in the market, and has led to positive share price performance for contactors involved with these programs.

### Select "Third Offset" Strategy Priority Technologies



### LOOSENED RULES ON UAS EXPORTS

The U.S. released a statement on the new rules governing the overseas sale, transfer, and use of military and commercial Unmanned Aerial Systems ("UAS") that are capable of being armed. Under the new policy, allies that agree to certain "end-use assurances" will be able to purchase armed UAS. The new policy recognizes the benefits the potential growth in sales could have on U.S. manufacturers, such as Lockheed Martin, Northrop Grumman, and General Atomics. Thus far, only the U.K. has been approved to receive any armed UAS, while Italy and France have been approved for the sale of unarmed counterparts. Currently, there is a potential deal in progress for four of General Atomics' unarmed MQ-9 Reapers to be sold to the Netherlands in a deal worth \$340 million.

(1) S&P Capital IQ, company filings, and KippsDeSanto research  
(2) Office of Budget and Management ("OBM")

## Aerospace Update

### AAR Creates a Leaner Business Structure

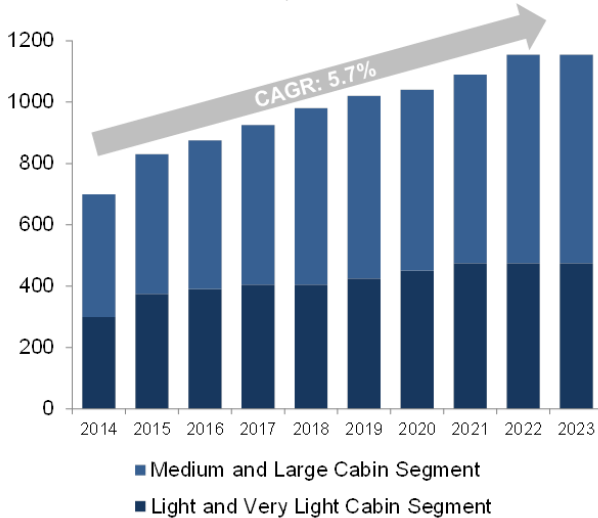


Surviving Businesses	Aviation Services • Aviation Supply Chain • Maintenance, Repair and Overhaul	Expeditionary Services • Airlift & Mobility
Divestiture Candidates	Precision Systems Manufacturing 	Telair Cargo Group • Telair International / U.S. • Nordisk Aviation Products 

### AAR SEEKS TO POSITION ITSELF AS A PURE-PLAY AVIATION SERVICES COMPANY

In late February, AAR announced it would divest its Telair Cargo Group to TransDigm for approximately \$725 million in a move to focus on its core aviation services divisions. Although AAR's core business experienced a decrease in revenue in 2014, future growth is expected from the new Brussels hub and from the acquisition of additional aircraft contracts under the Airlift division. The company also plans to continue its restructuring momentum with the divestiture of its Precision Systems Manufacturing division which put a significant drag on earnings in 2014. Proceeds of these two sales will likely be used to reduce debt and return cash to shareholders or could possibly be used to reinvest for growth in the surviving businesses and in support of core M&A.

### Business Jet New Delivery Forecast<sup>(1)</sup>

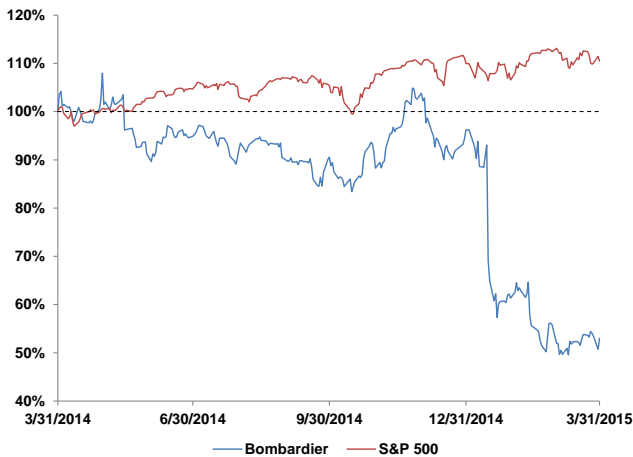


### INCREASED CONFIDENCE IN THE BUSINESS JET MARKET

Over the past few years the business jet industry has experienced intense competition and dismal demand which has put downward pressure on performance; however, the industry has shown recent signs of improvement and recovery. Demand from corporations, governments, and emerging market economies is expected to drive demand for medium and large cabin aircraft, including fixed wing turbine aircraft, which the Federal Aviation Administration predicts will grow by 2.2% annually for the foreseeable future. 2014 saw the first increase in deliveries of business jets since 2008 and aviation consultant, Ascend, predicts there will be nearly 10,000 new business jet deliveries worth ~\$260 billion in the next ten years. Overall, the Medium and Large Cabin Jet segment is expected to surpass the Light and Very Light Jet segment in market share and to ultimately pave the way for business jet growth in the coming decade.

### Bombardier's Relative Stock Performance Over the Past Year<sup>(2)</sup>

LTM as of March 31, 2015



### BOMBARDIER'S BUSINESS TRANSFORMATION

Bombardier may have reached a trough in share valuation as it recently announced the first CS3000 flight after engine problems grounded the plane. So far this year, Bombardier has experienced sweeping changes through its leadership, financing, and product offering after the company took a steep nose dive with the halt in production of its Learjet 85. The Beaudoin family took a step back from its leadership roles to make way for Alain Bellemare to take over as CEO. Bellemare previously led the Aerospace division at UTC and has strong experience with companies in transition. Under his leadership, the company has raised \$848 million in new equity through a public offering and has plans to offer \$1.5 billion in 10-year bonds and \$705 million in three-year bonds. The increased cash on hand will support continued operations as the company is required to maintain roughly \$1 billion in liquidity at the end of every quarter.

(1) Ascend Flightglobal Consultancy  
(2) S&P Capital IQ, company filings, and KippsDeSanto research

## Government Technology Solutions Update

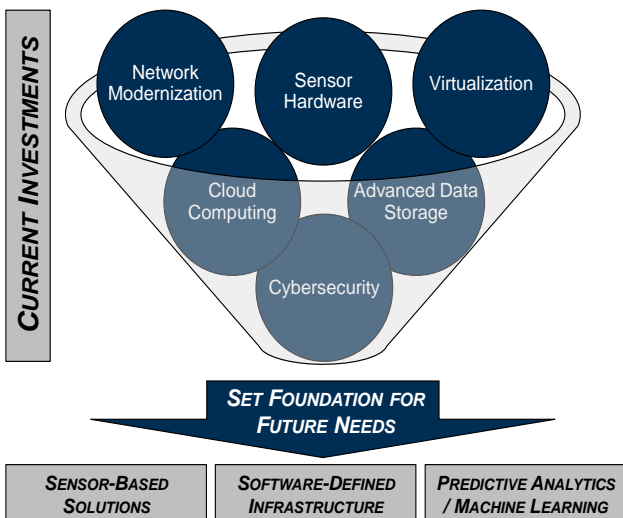
### Government Technology Solutions Performance<sup>(1)</sup>

	EPS (Latest Quarter Releases)			EPS Growth
	Est.	Actual	Beat / (Miss)	Y/Y
Booz   Allen   Hamilton 3Q15: 12/31/14	\$0.34	\$0.36	5.0%	9.1%
CACI 2Q15: 12/31/14	1.05	1.54	46.2%	(4.4%)
ENGILITY 4Q14: 12/31/14	0.72	0.67	(7.5%)	(33.0%)
ICF 4Q14: 12/31/14	0.56	0.51	(9.3%)	27.5%
KEYW 4Q14: 12/31/14	(0.08)	(0.13)	(14.3%)	NA
leidos 4Q15: 01/31/15	0.62	0.69	12.0%	7.3%
ManTech 4Q14: 12/31/14	0.39	0.39	0.6%	(27.8%)
nci 4Q14: 12/31/14	0.17	0.25	48.3%	56.3%
SAIC 4Q15: 01/31/15	0.71	0.75	5.4%	13.6%
VECTRUS 4Q14: 12/31/14	0.26	0.33	26.9%	NA
VSE 4Q14: 12/31/14	0.97	0.82	(15.8%)	(31.7%)

### STABILIZING MARKETPLACE GENERATES POSITIVE OUTLOOKS FOR THE FUTURE

Public Government Technology Solutions companies reported relatively positive earnings this quarter as sector fundamentals stabilized (evidenced by strong book-to-bill improvements), major procurements were resolved, and pricing pressures seem to have subsided. As contractors begin to experience a mild recovery in the Government market, many have improved outlooks – Booz Allen raised its revenue guidance to a low-single digit percentage decline, from a mid-single digit percentage decline, and narrowed its bottom line EBIT range with an increase to the midpoint. CACI reiterated its FY2015 guidance, expecting high-single digit direct labor growth and a high-teens decline in other direct costs from FY2014. Finally, ManTech revealed its FY2015 guidance, which anticipates an operating margin increase of 5.6% and a 21% increase to diluted EPS.

### Foundation for Future IT Spending Market Areas<sup>(2)</sup>

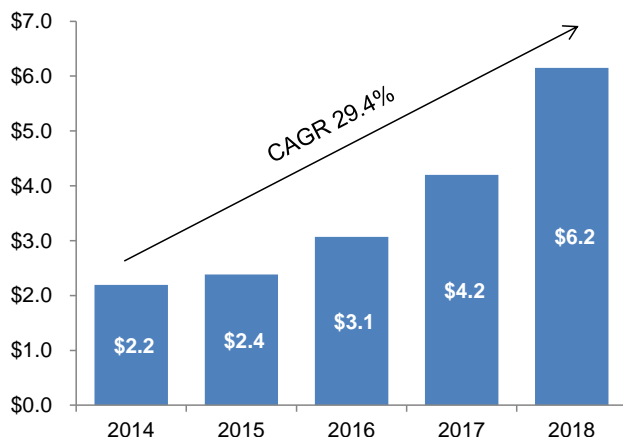


### DATA PROLIFERATION CREATES OPPORTUNITIES IN EMERGING TECHNOLOGIES

Data proliferation is the backbone of future Government Technology Solutions needs. The exponential growth of both structured and unstructured information and the increasing complexity of mission goals calls for the ability to store, share, analyze, and manipulate raw data, to improve operational and strategic decision-making. Agencies are currently investing in areas such as cloud computing, data storage, cybersecurity, network modernization, and sensor hardware as a foundation for the needs of tomorrow and to effectively manage incoming data. These capability areas will set the framework for emerging markets, to include sensor technologies, software-defined infrastructure, and predictive analytics / machine learning. Planning for these newly emerging technology markets creates contracting opportunities in growing priority markets.

### Total Addressable Federal Cloud Market

(\$ in billions)



### HIGH DEMAND FOR UNIQUE CLOUD CYBERSECURITY SOLUTIONS

Driven by proven cost-efficiencies, cloud solutions remain in demand by Federal agencies. The total addressable Federal cloud market is forecasted to grow at a 29.4% five-year CAGR from 2014 - 2018; however, cybersecurity concerns remain one of the largest hurdles to cloud implementation. While FedRAMP security standards are gaining acceptance, the standards focus on protecting the network instead of security gaps from insider threats and protection of the data itself. To mitigate security concerns unaddressed by FedRAMP, a new segment of cloud encryption gateways has become prominent. Encryption gateways allow for tiered levels of security based on the sensitivity of data and place the encryption key with the user, instead of the provider. Contractors with innovative solutions to facilitate cloud security and implementation are in high demand by both Federal agencies and buyers as cloud and cybersecurity M&A becomes more targeted.

(1) S&P Capital IQ, company filings, and KippsDeSanto research  
(2) Deltek and KippsDeSanto research

## Public Company Trading Analysis<sup>(1)</sup>

(\$ in millions, except per share amounts)

Defense Primes	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing	\$150.08	94.5%	\$105,714	\$101,855	\$94,837	\$10,790	11.4%	\$97,374	\$11,280	11.6%	1.07x	9.4x	1.05x	9.0x
Lockheed Martin	202.96	98.0%	63,686	68,409	44,660	6,524	14.6%	45,095	6,951	15.4%	1.53x	10.5x	1.52x	9.8x
General Dynamics	135.73	92.9%	44,816	43,839	31,358	4,556	14.5%	32,112	4,766	14.8%	1.40x	9.6x	1.37x	9.2x
Raytheon	109.25	96.4%	33,575	34,382	22,586	3,393	15.0%	22,793	3,644	16.0%	1.52x	10.1x	1.51x	9.4x
Northrop Grumman	160.96	93.4%	31,935	34,000	23,656	3,486	14.7%	23,845	3,600	15.1%	1.44x	9.8x	1.43x	9.4x
BAE Systems	7.78	95.4%	24,557	26,243	25,440	3,033	11.9%	25,829	3,178	12.3%	1.03x	8.7x	1.02x	8.3x
<b>Median</b>		<b>94.9%</b>	<b>\$39,195</b>	<b>\$39,110</b>	<b>\$28,399</b>	<b>\$4,021</b>	<b>14.6%</b>	<b>\$28,970</b>	<b>\$4,205</b>	<b>15.0%</b>	<b>1.42x</b>	<b>9.7x</b>	<b>1.40x</b>	<b>9.3x</b>

Defense Systems	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Safran	\$69.83	94.9%	\$29,078	\$31,801	\$17,981	\$3,127	17.4%	\$18,883	\$3,379	17.9%	1.77x	10.2x	1.68x	9.4x
Rockwell Collins	96.55	100.0%	12,836	15,028	5,358	1,285	24.0%	5,636	1,368	24.3%	2.80x	11.7x	2.67x	11.0x
L-3 Communications	125.79	94.6%	10,415	13,988	11,789	1,321	11.2%	11,844	1,371	11.6%	1.19x	10.6x	1.18x	10.2x
Huntington Ingalls Industries	140.15	97.3%	6,845	7,555	7,046	950	13.5%	7,119	963	13.5%	1.07x	8.0x	1.06x	7.8x
Cobham	4.52	87.1%	5,117	7,029	3,220	641	19.9%	3,338	671	20.1%	2.18x	11.0x	2.11x	10.5x
Exelis	24.37	99.4%	4,545	4,684	3,284	511	15.6%	3,351	533	15.9%	1.43x	9.2x	1.40x	8.8x
Orbital ATK, Inc.	76.63	100.0%	4,544	6,510	4,621	603	13.0%	5,063	693	13.7%	1.41x	10.8x	1.29x	9.4x
FLIR	31.28	83.6%	4,374	4,217	1,591	373	23.4%	1,693	410	24.2%	2.65x	11.3x	2.49x	10.3x
Kongsberg Gruppen	19.92	100.0%	2,384	1,913	2,155	265	12.3%	2,181	277	12.7%	NM	7.2x	NM	6.9x
Cubic	51.77	92.9%	1,459	1,345	1,450	142	9.8%	1,500	156	10.4%	0.93x	9.5x	0.90x	8.6x
AeroVironment	26.51	63.6%	618	415	279	19	6.7%	309	34	11.0%	1.48x	22.1x	1.34x	12.2x
<b>Median</b>		<b>94.9%</b>	<b>\$4,545</b>	<b>\$6,510</b>	<b>\$3,284</b>	<b>\$603</b>	<b>13.5%</b>	<b>\$3,351</b>	<b>\$671</b>	<b>13.7%</b>	<b>1.46x</b>	<b>10.6x</b>	<b>1.37x</b>	<b>9.4x</b>

Defense Electronics / Comm.	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Harris	\$78.76	99.3%	\$8,200	\$9,382	\$4,875	\$1,089	22.3%	\$4,958	\$1,127	22.7%	1.92x	8.6x	1.89x	8.3x
Teledyne	106.73	97.8%	3,767	4,372	2,514	413	16.4%	2,590	436	16.8%	1.74x	10.6x	1.69x	10.0x
ViaSat	59.61	84.1%	2,840	3,567	1,452	362	24.9%	1,657	400	24.1%	2.46x	9.9x	2.15x	8.9x
Ultra Electronics	25.36	89.4%	1,769	1,949	1,063	190	17.8%	1,098	203	18.5%	1.83x	10.3x	1.78x	9.6x
Mercury Systems	15.55	88.4%	531	474	242	48	20.0%	256	56	21.9%	1.96x	9.8x	1.85x	8.5x
Comtech Telecommunications	28.95	71.1%	471	335	343	56	16.2%	NA	NA	NA	0.98x	6.0x	NA	NA
Kratos Defense & Security Solutions	5.53	60.9%	322	952	846	82	9.7%	899	97	10.8%	1.13x	11.6x	1.06x	9.8x
<b>Median</b>		<b>88.4%</b>	<b>\$1,769</b>	<b>\$1,949</b>	<b>\$1,063</b>	<b>\$190</b>	<b>17.8%</b>	<b>\$1,377</b>	<b>\$301</b>	<b>20.2%</b>	<b>1.83x</b>	<b>9.9x</b>	<b>1.81x</b>	<b>9.3x</b>

Homeland Security	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Smiths Group	\$16.61	82.0%	\$6,557	\$7,966	\$4,356	\$838	19.2%	\$4,450	\$877	19.7%	1.83x	9.5x	1.79x	9.1x
MSA Safety Incorporated	49.88	81.7%	1,868	2,022	1,140	188	16.5%	1,208	213	17.7%	1.77x	10.7x	1.67x	9.5x
OSI Systems	74.26	99.0%	1,471	1,461	997	192	19.3%	NA	NA	NA	1.47x	7.6x	NA	NA
Analogic	90.90	98.5%	1,128	1,012	559	88	15.7%	605	NA	NA	1.81x	11.5x	1.67x	NA
Smith & Wesson	12.73	73.7%	684	900	591	130	22.1%	626	NA	NA	1.52x	6.9x	1.44x	NA
American Science & Engineering	48.86	67.2%	366	260	166	14	8.6%	165	NA	NA	1.57x	18.2x	1.58x	NA
<b>Median</b>		<b>81.8%</b>	<b>\$1,299</b>	<b>\$1,236</b>	<b>\$794</b>	<b>\$159</b>	<b>17.9%</b>	<b>\$626</b>	<b>\$545</b>	<b>18.7%</b>	<b>1.67x</b>	<b>10.1x</b>	<b>1.67x</b>	<b>9.3x</b>

(1) S&P Capital IQ, company filings, and KippsDeSanto research



**Public Company Trading Analysis, cont.<sup>(1)</sup>**  
(\$ in millions, except per share amounts)

<u>Aerospace Systems</u>	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
TransDigm	\$218.72	96.7%	\$11,529	\$18,032	\$2,672	\$1,203	45.0%	\$2,867	\$1,310	45.7%	6.75x	15.0x	6.29x	13.8x
Zodiac Aerospace	33.12	86.1%	9,109	10,512	5,456	814	14.9%	5,938	1,008	17.0%	1.93x	12.9x	1.77x	10.4x
B/E Aerospace	63.62	62.9%	6,741	8,638	2,874	609	21.2%	3,123	680	21.8%	3.01x	14.2x	2.77x	12.7x
Meggitt	8.15	92.4%	6,482	7,379	2,495	670	26.9%	2,614	718	27.5%	2.96x	11.0x	2.82x	10.3x
HEICO	61.07	94.9%	3,613	4,091	1,262	283	22.4%	1,373	306	22.3%	3.24x	14.4x	2.98x	13.3x
Esterline	114.42	93.4%	3,560	4,236	2,072	385	18.6%	2,300	439	19.1%	2.04x	11.0x	1.84x	9.7x
Triumph Group	59.72	82.6%	3,013	4,421	4,021	652	16.2%	4,047	674	16.6%	1.10x	6.8x	1.09x	6.6x
Astronics	73.70	97.5%	1,615	1,777	719	137	19.0%	785	153	19.6%	2.47x	13.0x	2.26x	11.6x
AAR	30.70	89.7%	1,222	1,759	1,596	175	11.0%	1,714	192	11.2%	1.10x	10.1x	1.03x	9.2x
<b>Median</b>		<b>92.4%</b>	<b>\$3,613</b>	<b>\$4,421</b>	<b>\$2,495</b>	<b>\$609</b>	<b>19.0%</b>	<b>\$2,614</b>	<b>\$674</b>	<b>19.6%</b>	<b>2.47x</b>	<b>12.9x</b>	<b>2.26x</b>	<b>10.4x</b>

<u>Aerospace Structures</u>	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Precision Castparts	\$210.00	76.3%	\$29,771	\$33,513	\$10,369	\$3,226	31.1%	\$10,676	\$3,365	31.5%	3.23x	10.4x	3.14x	10.0x
Spirit AeroSystems	52.21	99.4%	7,251	8,027	6,730	1,015	15.1%	6,971	1,064	15.3%	1.19x	7.9x	1.15x	7.5x
Hexcel	51.42	98.1%	4,954	5,299	1,975	423	21.4%	2,164	480	22.2%	2.68x	12.5x	2.45x	11.0x
Senior	4.83	92.3%	2,020	2,184	1,319	218	16.6%	1,386	228	16.4%	1.66x	10.0x	1.57x	9.6x
LMI Aerospace	12.21	79.3%	159	421	381	45	11.7%	406	54	13.4%	1.10x	9.4x	1.04x	7.7x
<b>Median</b>		<b>92.3%</b>	<b>\$4,954</b>	<b>\$5,299</b>	<b>\$1,975</b>	<b>\$423</b>	<b>16.6%</b>	<b>\$2,164</b>	<b>\$480</b>	<b>16.4%</b>	<b>1.66x</b>	<b>10.0x</b>	<b>1.57x</b>	<b>9.6x</b>

<u>Government Technology Solutions</u>	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Booz Allen Hamilton	\$28.94	92.5%	\$4,280	\$5,719	\$5,421	\$545	10.1%	\$5,758	\$583	10.1%	1.05x	10.5x	0.99x	9.8x
Leidos	41.96	88.9%	3,110	3,833	4,860	401	8.3%	5,012	426	8.5%	0.79x	9.6x	0.76x	9.0x
SAIC	51.35	91.7%	2,342	2,538	4,045	283	7.0%	4,006	283	7.1%	0.63x	9.0x	0.63x	9.0x
CACI	89.92	97.5%	2,173	3,318	3,496	324	9.3%	3,607	332	9.2%	0.95x	10.2x	0.92x	10.0x
ManTech	33.94	96.3%	1,269	1,246	1,715	126	7.3%	1,767	131	7.4%	0.73x	9.9x	0.70x	9.5x
Engility	30.04	61.3%	1,092	1,389	2,186	204	9.3%	2,377	237	10.0%	0.64x	6.8x	0.58x	5.9x
ICF International	40.85	93.4%	794	1,132	1,198	127	10.6%	1,289	139	10.8%	0.94x	8.9x	0.88x	8.1x
VSE Corp.	81.88	97.4%	439	512	454	80	17.6%	461	83	18.0%	1.13x	6.4x	1.11x	6.2x
KEYW	8.23	41.8%	304	389	322	19	5.8%	354	32	9.0%	1.21x	20.8x	1.10x	12.2x
Vectrus	25.49	75.5%	268	363	1,146	39	3.4%	1,152	50	4.3%	0.32x	9.3x	0.32x	7.3x
NCI	10.33	78.7%	134	109	332	25	7.5%	341	26	7.7%	0.33x	4.4x	0.32x	4.1x
<b>Median</b>		<b>91.7%</b>	<b>\$1,092</b>	<b>\$1,246</b>	<b>\$1,715</b>	<b>\$127</b>	<b>8.3%</b>	<b>\$1,767</b>	<b>\$139</b>	<b>9.0%</b>	<b>0.79x</b>	<b>9.3x</b>	<b>0.76x</b>	<b>9.0x</b>

<u>Engineering &amp; Construction</u>	Stock Price 03/31/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Babcock International	\$14.63	69.1%	\$7,328	\$9,537	\$7,210	\$953	13.2%	\$7,819	\$1,059	13.5%	1.32x	10.0x	1.22x	9.0x
Jacobs Engineering	45.16	69.5%	5,794	5,910	12,940	801	6.2%	13,027	796	6.1%	0.46x	7.4x	0.45x	7.4x
AECOM	30.82	80.6%	4,792	9,324	18,682	1,023	5.5%	19,303	1,103	5.7%	0.50x	9.1x	0.48x	8.5x
Tetra Tech	24.02	80.1%	1,481	1,585	1,802	211	11.7%	1,902	NA	NA	0.88x	7.5x	0.83x	NA
<b>Median</b>		<b>74.8%</b>	<b>\$5,293</b>	<b>\$7,617</b>	<b>\$10,075</b>	<b>\$877</b>	<b>9.0%</b>	<b>\$10,423</b>	<b>\$1,059</b>	<b>6.1%</b>	<b>0.69x</b>	<b>8.3x</b>	<b>0.66x</b>	<b>8.5x</b>

(1) S&P Capital IQ, company filings, and KippsDeSanto research

## Select Recent Aerospace / Defense M&A<sup>(1)</sup>

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
						EBITDA	Margin	Rev.	EBITDA
03/30/15	NATEL Engineering Company	OnCore Manufacturing, LLC	Provider of product commercialization services for low-medium volume, high-complexity products to blue-chip aerospace and defense, industrial, and medical companies	NA	NA	NA	NA	NA	NA
03/27/15	StandardAero	General Electric's DutchAero B.V.	Produces complex advanced machining, sheet metal, and thermal spraying components for the world's leading aerospace manufacturers	NA	NA	NA	NA	NA	NA
03/27/15	RBC Bearings, Inc.	Sargent Aerospace & Defense Business of Dover Corporation	Provides highly engineered products, solutions, and repairs for aircraft airframes and engines, rotorcraft, submarines, and land vehicles	\$500.0	\$195.0	\$37.6	19%	2.56x	13.3x
03/23/15	Data Device Corporation	EMRISE Electronics Ltd.	Designs and manufactures an extensive range of custom, semi-custom, and standard power supply products	22.0	NA	NA	NA	NA	NA
03/23/15	Rockwell Collins, Inc.	Pacific Avionics Pty. Limited	Specialized in technologies used for wireless information distribution, including flight entertainment and connectivity	NA	NA	NA	NA	NA	NA
03/23/15	Ferchau Engineering GmbH	Airbus's Rostock System-Technik GmbH	Provides system engineering as well as product manufacturing for aerospace customers worldwide	NA	NA	NA	NA	NA	NA
03/17/15	Sparton of Canada Ltd.	Stealth.com Inc.	Manufactures high performance ruggedized industrial grade computer systems and peripherals	NA	7.9	NA	NA	NA	NA
03/16/15	Motorola Solutions Venture Capital	CyPhy Works, Inc.	Develops and manufactures advanced unmanned aerial vehicles	NA	NA	NA	NA	NA	NA
03/16/15	Panasonic Avionics Corp.	ITC Global	Provides satellite communication services for the energy, mining, and maritime markets	NA	NA	NA	NA	NA	NA
03/16/15	Curtiss-Wright Corporation	Bolt's Metallizing, Inc.	Provides thermal spray coatings for critical aerospace applications, including high velocity oxygen fuel and plasma spray coating capabilities	NA	6.0	NA	NA	NA	NA
03/10/15	Field Aviation Company Inc.	ARINC Incorporated	Provides communications, engineering, and systems integration services to aviation, rail, and critical infrastructure sectors	NA	NA	NA	NA	NA	NA
03/09/15	Selmet, Inc.	Western Metrology, Inc.	Manufactures precision components for the aerospace industry	NA	NA	NA	NA	NA	NA
03/09/15	Alcoa, Inc.	RTI International Metals, Inc.	Produces and supplies fabricated titanium mill products and specialty metal components	1,500.0	794.0	114.5	14%	1.89x	13.1x
03/05/15	OGSystems, LLC	Urban Robotics	Provides advanced airborne military Intelligence, Surveillance, and Reconnaissance solutions	NA	NA	NA	NA	NA	NA
03/03/15	Viasat, Inc.	EAI Design Services, LLC	Provides application-specific integrated circuit and field-programmable gate array design and rapid prototyping services	NA	NA	NA	NA	NA	NA
03/02/15	Blue Wolf Capital Partners LLC	North American Rescue, LLC	Supplier of mission-critical tactical medical products, such as tourniquets, chest seals, and decompression needles	NA	NA	NA	NA	NA	NA
02/27/15	Sierra Nevada Corporation	328 Support Services GmbH	Owns the type certificate and intellectual property rights for design, manufacturing, maintenance, and certification of the 200 existing Dornier 328 prop and jet aircraft	NA	NA	NA	NA	NA	NA
02/24/15	HBS Electronics Limited	Flycom Avionics Limited	Provides noise cancelling communication systems for open cockpit and closed cockpit aircraft worldwide	NA	NA	NA	NA	NA	NA
02/23/15	TransDigm Group Incorporated	Telair Cargo Group	Provides restraint systems, unit load devices, and cargo loading / handling equipment to the aerospace industry	725.0	300.0	60.0	20%	2.42x	12.1x
02/12/15	National Instruments Corporation	Cobham plc, PXI Modular Instruments Hardware Product Line	Manufactures PCI eXTensions for Instrumentation ("PXI") modular instruments hardware products	NA	NA	NA	NA	NA	NA
02/06/15	Harris Corporation	Exelis Inc.	Provides command, control, communications, computers, intelligence, and surveillance and reconnaissance related products and systems	4,750.0	3,250.0	511.0	16%	1.46x	9.3x
02/05/15	HDT Global, Inc.	DHS Technologies, LLC	Provides quick erect / strike mobile infrastructure systems and support equipment for military, medical, government, and civilian organizations	NA	NA	NA	NA	NA	NA
02/04/15	ANSYS, Inc.	Newmerical Technologies International	Develops in-flight icing simulation software and associated design, testing, and certification services	NA	NA	NA	NA	NA	NA
02/03/15	SAE International Industry Technologies Consortium (ITC)	ADS Aerospace Technical Standards	Supports aerospace and defense manufacturing with product design standards	NA	NA	NA	NA	NA	NA

(1) S&P Capital IQ, company filings, and KippsDeSanto research



## Select Recent Aerospace / Defense M&A, cont.<sup>(1)</sup>

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
						Margin	Rev.	EBITDA	EBITDA
02/02/15	Babcock Critical Services Limited	S MacNeillie & Sons	Manufactures and supplies specialist converted armored vehicles	NA	\$52.0	NA	NA	NA	NA
02/02/15	Teledyne Technologies, Inc.	Bowtech Products Limited	Manufactures and supplies underwater vision systems such as cameras, lights, and connectors	NA	NA	NA	NA	NA	NA
02/02/15	Air Industries Group, Inc.	Sterling Engineering Corporation	Manufactures aerospace components for aircraft and land-based jet turbines	NA	NA	NA	NA	NA	NA
02/02/15	Flight Support Group, Inc. (HEICO)	Harter Industries, Inc.	Operates as a commercial and military aircraft component and accessories maintenance, repair, and overhaul shop and engineering company	NA	NA	NA	NA	NA	NA
01/30/15	Huntington Ingalls Industries, Inc.	The Columbia Group, Inc., Engineering Solutions Division	Builds and maintains swimmer delivery vehicles for military use	NA	NA	NA	NA	NA	NA
01/26/15	Parter Capital Group	Cassidian Belgium	Electronics production facility that produces primary and secondary radar components, power amplifiers, and transponders	NA	NA	NA	NA	NA	NA
01/26/15	CAE Inc.	Bombardier Inc., Military Aviation Training	Provides aviation training services to military pilots	\$15.9	NA	NA	NA	NA	NA
01/22/15	L-3 Communications Holdings Inc.	MITEQ Inc.	Develops and manufactures specialized radio frequency ("RF") microwave products and solid-state SATCOM components	41.0	60.0	NA	NA	0.68x	NA
01/20/15	Safariland, LLC	Atlantic Tactical, Inc.	Distributes equipment and uniforms for public safety personnel	NA	NA	NA	NA	NA	NA
01/20/15	Sarcos LC	Raytheon Sarcos unit of Raytheon Company	Develops robotics, micro-electro-mechanical, and sensor technologies for use in health care, life sciences, telecommunications, robotics, and defense industries	NA	350.0	NA	NA	NA	NA
01/20/15	Novaria Group, Inc.	John Hassall, Inc.	Provides aircraft engine fasteners, bolts, blade locks, and other flight critical hardware	NA	NA	NA	NA	NA	NA
01/20/15	OAG Aviation Group Limited	FlightView, Inc.	Provides real-time flight information solutions for the aviation and travel industry	NA	NA	NA	NA	NA	NA
01/20/15	Flight Support Group, Inc.	Aeroworks International Holdings, B.V.	Manufactures both composite and metal parts used primarily in aircraft interior applications, including seating, galleys, lavatories, doors, and overhead bins	NA	NA	NA	NA	NA	NA
01/16/15	H.I.G. Capital, LLC	Aviapartner	Provides ground handling services including passenger and ramp services, traffic operations, cargo services, airfreight trucking, executive aviation services, and fueling services	NA	465.5	NA	NA	NA	NA
01/14/15	Tronair, Inc.	Wasp, Inc., Commercial Towbar and Tailstand Product Lines	Provides non-powered ground support equipment for the aerospace industry	NA	NA	NA	NA	NA	NA
01/13/15	Textron Inc.	Douglas Equipment Ltd.	Manufactures and supplies aviation towing tractors, ground support vehicles, port tractors, and distribution and yard shunting tractors to defense and commercial aviation markets	NA	NA	NA	NA	NA	NA
01/12/15	Onex Corporation	Survitec Group Ltd.	Provides survival and safety equipment for marine, offshore, defense, and aviation industries	679.7	370.0	NA	NA	1.84x	NA
01/09/15	Axle Holdings PTE Ltd	Carat Security Group	Manufactures commercial armored vehicles for heads of state, cash-in-transit, off-road, and defense applications	NA	NA	NA	NA	NA	NA
01/06/15	Meggitt PLC	Precision Engine Controls Corporation	Supplies actuation systems and fuel metering valves to manufacturers of small-frame gas turbines used predominantly in the oil and gas and power generation	44.2	NA	\$5.2	NA	NA	8.5x
01/05/15	Chart Acquisition Corp.	Tempus Applied Solutions, LLC	Offers aircraft engineering, integration, and operations solutions to support missions of the U.S. DoD	100.0	NA	NA	NA	NA	NA
01/05/15	PCX Aerostructures, LLC	Cam-Tech Manufacturing, LP	Manufactures large structural assemblies for aerospace platforms serving the commercial and military markets; produces flight critical structural parts	NA	NA	NA	NA	NA	NA
01/05/15	Arlington Capital Partners	United Flexible Group	Manufactures and provides support for performance critical flexible engineered solutions for the transfer of fluids and gases in extreme environments	NA	NA	NA	NA	NA	NA
12/24/14	VSE Corporation	Killick Aerospace Group's Prime Turbines, CT Aerospace, Kansas Aviation, and Air Parts & Supply Co.	Specializes in maintenance, repair, and overhaul services and parts supply for corporate and regional jet aircraft engines and engine accessories	184.0	111.0	NA	NA	1.66x	NA
12/24/14	Astronics Corporation	Armstrong Aerospace	Provides engineering, design, and certification solutions for commercial aircraft, specializing in connectivity, in-flight entertainment, and electrical power systems	51.0	27.0	NA	NA	1.89x	NA

(1) S&P Capital IQ, company filings, and KippsDeSanto research

## Select Recent Government Technology Solutions M&A<sup>(1)</sup>

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
						Margin	Rev.	EBITDA	EBITDA
03/31/15	SRA International	Qbase Government Services Business	Provides software products and services supporting customers in the intelligence, national security, Government, healthcare, and energy arenas	NA	NA	NA	NA	NA	NA
03/18/15	KeyW Corporation	Ponte Technologies, LLC	Provides operational IT security solutions and strategies, and deploys advanced defensive capabilities	NA	NA	NA	NA	NA	NA
03/18/15	KeyW Corporation	Milestone Intelligence Group, Inc.	Provides cyberspace security, software engineering, system engineering, and test and evaluation services	NA	NA	NA	NA	NA	NA
03/09/15	Maximus Federal Services, Inc.	Acentia, LLC	Provides cloud based technology and management solutions to federal government and commercial markets	\$300.0	\$210.0	NA	NA	1.43x	NA
03/02/15	Arrow Electronics	immixGroup Inc.	Provides IT services for software and hardware manufacturers, their channel partners, and government agencies at federal, state, and local levels	NA	NA	NA	NA	NA	NA
03/02/15	Lookingglass Cyber Solutions, LLC	CloudShield Technologies, Inc.	Provides deep packet processing, a technology solution that offers customers intelligent ways to see and manipulate network traffic to fight cyber assaults	NA	NA	NA	NA	NA	NA
03/01/15	SAIC	Scitor Corporation	Provides systems engineering, management consulting, and information services to customers in the U.S.	658.0	599.0	\$62.0	9.4%	1.10x	10.6x
02/25/15	iNovex Information Systems Inc.	Mercury Intelligence Systems Inc. (iNapogee Information Systems)	Provides key analytical, software, intelligence programs, cloud infrastructure expertise, and predictive analytics to strategic U.S. Intelligence agencies	NA	NA	NA	NA	NA	NA
02/25/15	Computer Sciences Corporation	Autonomic Resources, LLC	Provides cloud and quality information technology services to federal agencies	NA	NA	NA	NA	NA	NA
02/18/15	Michael Baker	Pacific Municipal Consultants	Provides a broad range of comprehensive municipal services to public agencies and select private sector clients	NA	NA	NA	NA	NA	NA
02/09/15	Accenture Federal Services LLC	Agilex Technologies, Inc.	Provides mission and technology consulting, software and solution development, and system integration services to the national security, healthcare, and public sectors	NA	NA	NA	NA	NA	NA
01/30/15	Millstein & Co.	DLT Solutions, Inc.	Develops IT solutions for commercial, education, federal, healthcare, state and local, and utilities markets, as well as authorized prime contractors	NA	857.0	NA	NA	NA	NA
01/30/15	GCR Inc.	Quest Information Systems, Inc.	Provides custom software development, software management, IT consulting, and support services	NA	NA	NA	NA	NA	NA
01/16/15	PAE, Inc.	USIS Global Security and Solutions Business	Provides screening and security-based information and service solutions to government, law enforcement and first responder, commercial, and litigation support markets	NA	NA	NA	NA	NA	NA
01/14/15	Westat, Inc.	Fenestra Technologies Corporation	Provides systems integration services and IT solutions for research problems	NA	NA	NA	NA	NA	NA
01/13/15	Compusearch Software Systems, Inc.	TopVue Defense, Inc.	Provides program execution solutions to the federal government and its suppliers	NA	NA	NA	NA	NA	NA
01/12/15	Symantec Corporation	Narus, Inc., Cyber Business Unit of Boeing	Provides cybersecurity data analytics solutions for enterprises, carriers, and governments worldwide	NA	NA	NA	NA	NA	NA
01/12/15	RLJ Equity	Phase One Consulting Group	Provides IT strategy, organizational transformation, process and business analysis, solution architecture, solution engineering, agile development, and cyber security solutions	NA	NA	NA	NA	NA	NA
01/09/15	RGS Associates, Inc.	Cerebral Solutions, Inc. (CSI)	Provides IT engineering support to mission critical areas of the Federal Government including the IC	NA	NA	NA	NA	NA	NA
01/07/15	BSTG & O'Neil Group Company	Gnostech Inc.	Provides technical and engineering services to the DoD and DHS	NA	10.0	NA	NA	NA	NA
01/06/15	Day & Zimmerman Group, Inc.	SOC LLC	Provides security, logistics, and life support services to the U.S. Government domestically and abroad	NA	NA	NA	NA	NA	NA
01/05/15	Centene Corporation	LiveHealthier	Provides technology and service-based health management solutions to large employers, unions and government organizations	NA	NA	NA	NA	NA	NA
12/29/14	NCI	Computech, Inc.	Provides IT operations optimization services for government and private clients in the U.S. and internationally	47.4	40.0	NA	NA	1.19x	NA
12/18/14	Atos	Xerox IT Outsourcing Business	Provides IT outsourcing services comprising managed IT services, end-user computing services to manage platforms and devices; and IT solutions covering cloud, etc.	1,100.0	1,500.0	NA	NA	0.73x	NA

(1) S&amp;P Capital IQ, company filings, and KippsDeSanto research



Select Recent KippsDeSanto & Co. Advised Transactions

**AMPEX** | Data Systems  
*has been acquired by*  
**DELTA INFORMATION SYSTEMS, INC.**

**DRG** Intelligence Surveillance Reconnaissance  
*has been acquired by*  
**NOVETTA**  
*a portfolio company of*  
**A**

Advanced Systems  
Line of Business of  
**GENERAL DYNAMICS**  
Advanced Information Systems  
*has been acquired by*  
**MDA**

**GlobalNet Services Inc.**  
*has been acquired by*  
**Information Innovators Inc.**  
*a portfolio company of*  
**DFW CAPITAL PARTNERS**

**7DELTA**  
*has been acquired by*  
**ManTech**  
International Corporation

**RNSolutions**  
*has been acquired by*  
**DOVEL TECHNOLOGIES**

**UEE**  
ELECTRONICS  
*has been acquired by*  
**AROTECH**

**SECUREFORCE**  
*has been acquired by*  
**B R T R C**

**on point**  
*has been acquired by*  
**Sapient**

**SC**  
SABRELINER CORPORATION  
*was acquired by an entity controlled by*  
**Innovative Capital Holdings**

**Commonwealth Technology, Inc.**  
*has been acquired by*  
**MACB**  
MACAULAY-BROWN, INC.

**Chemring Energetic Devices I**  
Clear Lake Operations  
*has been acquired by*  
**AMTEC CORPORATION**  
*a National Defense Corp. Company*

## About KippsDeSanto & Co.

KippsDeSanto is an investment banking firm focused on delivering M&A and financing expertise. Our solutions are focused on the sectors we know – Aerospace / Defense and Government Technology Solutions. We are recognized for our depth of industry experience, knowledge of sector-specific transaction drivers, and long-standing relationships with industry participants.

We welcome the opportunity to have a more detailed discussion of developments in our focus industries. For more information, please contact us:

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