

MarketView

Fall 2015

Aerospace / Defense and Government Technology Solutions



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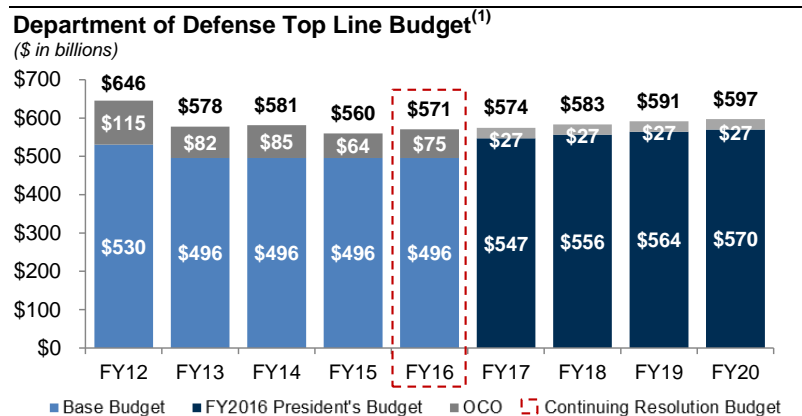
Operational / Funding Environment

In August, Berkshire Hathaway announced the largest M&A transaction ever in the Aerospace industry with the \$37.2 billion acquisition of Precision Castparts Corporation (“PCC”). PCC, itself a serial acquirer in the industry, is a key supplier of structural components to aircraft Original Equipment Manufacturers (“OEM”). The deal symbolizes both the consolidation of aerospace suppliers, and the return of larger M&A transactions, two notable themes throughout the industry. Moving forward, the deal is anticipated to either mark the highpoint of the aerospace cycle or the continuation of what has been a long upswing. Strong air travel growth has been at the forefront of the positive sentiment in the industry,

as global air travel improved 7.1% in August 2015 compared to August 2014 and 6.6% Year To Date (“YTD”) 2015 compared to YTD 2014.⁽²⁾ Despite strong air travel growth, recent economic concerns in China have added fears that commercial air travel demand could decline as consumers scale back during difficult times. Boeing, however, dismissed this notion by increasing its annual long-term forecast, predicting that China will demand roughly 6,330 new planes over the next two decades, 300 more than its prior year forecast. In addition, other regions are also expected to demonstrate strong growth, with India projected to be the third largest aircraft market by 2031.⁽²⁾ India’s largest domestic airline, IndiGo, ordered 250 A320 aircraft from Airbus for \$26.5 billion, Airbus’ largest order ever based on quantity of aircraft. With strong projected long-term air travel growth in many regions, recent macroeconomic concerns have not substantially tarnished the positive sentiment of the Aerospace industry moving forward.

On September 30, 2015, President Obama signed a Continuing Resolution (“CR”) for Government Fiscal Year (“GFY2016”) 2016, temporarily preventing a government shutdown. The stop-gap spending measure funds the Federal Government through December 11, 2015, buying Congress time to reach a budget agreement. Effectively, the CR provides discretionary funding equal to the previous year. At GFY2015 levels, the Department of Defense (“DoD”) base budget is \$496 billion out of the larger \$1.2 trillion discretionary budget, while the Overseas Contingency Operations (“OCO”) account increases from \$64 billion to \$75 billion, ensuring key Federal programs continue operating. The House of Representatives later passed its version of the GFY2016 defense authorization bill, proposing a \$496 billion DoD base budget and an additional \$89 billion in OCO funding, \$38 billion of which is tied to operations and maintenance funds to support troop readiness and training. Given the sentiments of the majority of Congress, mid-single-digit to low-double-digit annual growth in Defense spending is likely. However, the White House has indicated the President intends to veto the bill, citing attempts to circumvent the Budget Control Act spending caps through the OCO. Ultimately, the CR provides temporary budget clarity, while progress towards a long-term solution unfolds.

Government Information Technology (“IT”) spending is expected to reach an all-time high of \$86.4 billion in GFY2016, surpassing levels during GFY2001 – GFY2008 when the Government Technology Solutions segment was rapidly growing. The \$2.3 billion increase in GFY2016 is bolstered in part by higher spending in the Department of Homeland Security (“DHS”) and the Department of Veteran Affairs (“VA”); VA’s IT spending is projected to grow 3.4% annually from \$3.7 billion in 2015 to \$4.4 billion by 2020, the highest percentage of any Federal agency. In the outyears, priority funding is expected to shift as cross-agency IT programs and shared services are implemented to modernize IT systems and increase efficiency. For example, communications and network services spending is expected to outgrow the overall market by 1.1% annually, while IT hardware spending faces an annual 2.7% decline. Funding growth is expected in critical markets, including big data, cloud, and cybersecurity. In addition, major civilian programs such as the Affordable Care Act are anticipated to narrow the \$6.8 billion spending gap between defense and civilian IT to \$2.7 billion by 2020. Recently, the Government Technology Solutions sector has seen increased contract consolidation to reduce costs and increase efficiency. Notable contract vehicles include: (i) the \$22 billion Transformation Twenty-One Total Technology Next Generation (“T4NG”) contract with a five-year base and five-year add-on option; (ii) the ten-year, \$30 billion Responsive Strategic Sourcing for Services (“RS3”), a consolidation of two multi-billion dollar multiple award contracts; (iii) Alliant II, with an expected ceiling value over \$65 billion; and (iv) One Acquisition Solution for Integrated Services (“OASIS”), with commitments from the Air Force and Army for \$500 million of annual spending. As a result, it has become increasingly critical for Government Technology Solutions contractors to align their capabilities and Bid and Proposal (“B&P”) strategies with larger procurements to position themselves for growth.



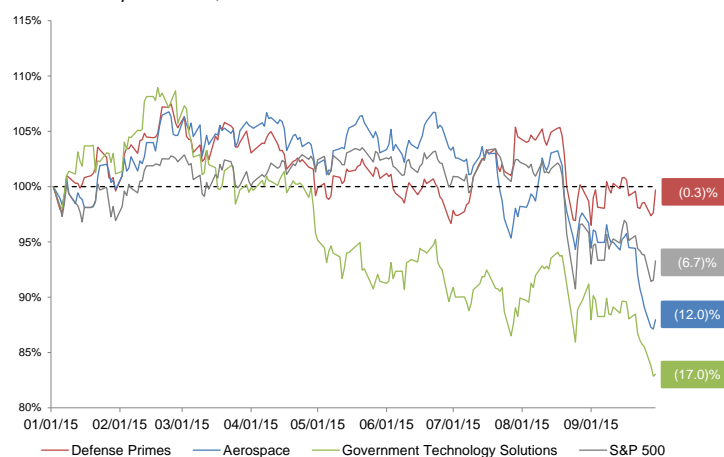
(1) OCO figures for FY16 – FY20 reflect placeholder estimates from the Office of Management and Budget
(2) International Air Transport Association (“IATA”)

Capital Markets and Public Market Valuation Trends

Aerospace stock performance has slipped (down 12.0% YTD) from a relatively flat performance in 2014. Macroeconomic weakness and investor concern over the continuity of aircraft demand has weighed on stock performance throughout the Aerospace industry; however, OEMs through components suppliers have supported mid-single-digit growth. Meanwhile, aircraft traffic volume and existing orders have maintained growth levels despite decreases in oil prices, weakness in emerging market economies, and a relatively strong U.S. dollar. Aerospace suppliers were hit the hardest by the macroeconomic downturn; for example, B/E Aerospace (down 23.5% YTD) and HEICO (down 16.1% YTD) both dropped sharply in stock price despite strong company fundamentals as orders and backlogs for suppliers were viewed as less “sticky” than for OEMs. Both Boeing (up 0.8% YTD) and Airbus (up 18.3% YTD) have carried positive momentum in their commercial segments with earnings outpacing expectations by 17.4% and 31.4%, respectively. However, both companies followed their peer group as each companies’ Total Enterprise Value (“TEV”) / Next Twelve Months Earnings Before Interest, Taxes, Depreciation, and Amortization (“NTM EBITDA”) multiples have trended down to 8.4x and 6.4x from 8.8x and 6.6x twelve months prior.

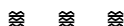
Relative Stock Price Performance⁽¹⁾

YTD as of September 30, 2015



Defense primes’ share performance has been rather flat in the YTD period, decreasing 0.3% compared to the extraordinary performance of 18.8% during the same period last year. Despite this stagnant stock performance, in part based on the overall macroeconomic environment, the primes have largely outperformed earnings expectations due to strong international sales in the first half and general conservatism around the budgetary environment. Northrop Grumman (up 13.3% YTD), currently trading above comparable defense companies, repurchased 6.8 million shares during Q2 for \$1.1 billion, completing 90% of its goal of retiring 60 million shares by the end of 2015. Additionally, it expects international sales to increase to ~15% of total sales for 2015. Despite this international expansion, the company maintained its sales guidance given the prevailing budget uncertainty and the awaited announcement of the Air Force’s selection for the Long-Range Strike Bomber program, which could provide significant revenue upside. Similarly, Boeing’s Defense, Space & Security group continues to see strong international demand, particularly out of the Middle East and Asia Pacific regions, reporting over a third of its revenue from international customers. Furthermore, in continuing with Lockheed Martin’s (up 7.2% YTD) goal to expand international revenues, the company announced its acquisition of Sikorsky Aircraft, which derives approximately 50% of its annual revenues from international customers and will aid Lockheed’s international footprint and customer relationship expansion.

Government Technology Solutions companies are tracking 10.3% below the S&P 500 in the YTD period ended September 30, 2015. Share prices have generally tracked broader U.S. market volatility due in part to the recalibration of anticipated economic growth in China. Within the Government Technology Solutions sector, companies face difficulty in predicting Request for Proposal (“RFP”) and award timing as funding delays and bid protests continue. CACI CEO, Ken Asbury, noted in a recent interview that CACI now adds 90 days to what it traditionally considers the “normal” procurement cycle and an additional 100 days for contracts with a high likelihood of bid protests. Elongated procurement processes stress forecasting ability, investment decisions, and allocation of B&P dollars. However, companies have seen a pickup in B&P activity as well as longer duration and larger contract opportunities. Though procurements are still price sensitive, “best value” awards are becoming increasingly common relative to predominately Lowest Price Technically Acceptable (“LPTA”) award activity in recent years. Overall, contractors believe pipelines are healthy and the stabilized market is signaling demand. Despite the YTD decline, public valuations remain strong and at relative highs; companies are now trading at ~9.0x – 10.0x 2015 EBITDA in comparison to 2012 levels of ~6.0x – 7.0x EBITDA. Moreover, strong public valuations have served as a “price floor” in an M&A context, as going public has re-emerged as a viable alternative for larger Government Technology Solutions service businesses. The high “floor” multiple, in many cases, is the initial motivation for companies to consider strategic alternatives now. Companies such as SRA and Alion publicly announced Initial Public Offering (“IPO”) intentions to capitalize on current valuations, which ultimately ended in M&A. In SRA’s case, a deal was consummated with the CSC Government Services unit in lieu of an IPO, and Alion has been sold to Veritas Capital. These transactions hint at greater strength in the M&A market than the public markets.



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

M&A Trends & Activity

There have been a total of 226 deals announced YTD, ten more than the same period in 2014, with 100 transactions in the Aerospace sector, 68 in Defense, and 58 in Government Technology Solutions. During 3Q15, the Aerospace industry announced several transformational deals, underscored by Berkshire Hathaway's acquisition of PCC, the largest Aerospace M&A transaction of all-time. Defense M&A remained concentrated around specialty defense electronics, while the Government Technology Solutions landscape is in the midst of a major transformation via spinoffs and major divestitures from the larger defense firms.

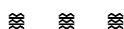
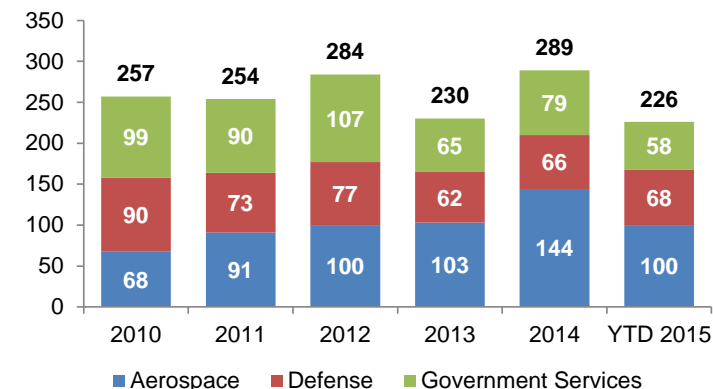
While Warren Buffet's proposed \$37.2 billion (14.0x EBITDA) purchase of PCC stole the headlines, 12 other Aerospace acquisitions also concentrated around precision machining, composites, and aerostructures businesses, highlighting a fragmented sector that remains prime for consolidation. Representative deals included GKN's \$776 million (9.2x EBITDA) acquisition of Fokker, PCC's \$560 million acquisition of Noranco from MidOcean Partners, and Meggitt's \$200 million (10.0x EBITDA) acquisition of Cobham's Advanced Composites Business. Serial aerospace acquirers also remained active, including TransDigm (\$325 million acquisition of PneuDraulics), PCC (Composites Horizons), HEICO (Astroseal; Aerospace & Commercial Technologies), and Air Industries (Compac Development Corp.) Other notable middlemarket deals included Accurus Aerospace's acquisition of LaCroix Industries, Rockwell Collins' \$64 million acquisition of International Communications Group, and Satcom Direct Communications acquisition of Airbus DS SatCom Government. In all, the 100 Aerospace deals YTD is down compared to 114 during the same period in 2014.

The Defense sector experienced a steady increase in acquisitions with 68 deals announced through 3Q15, 18 more than at the same point last year. Deal activity continues to be driven by defense electronics, which accounts for over 80% of the announced deals. Representative deals included CREE's acquisition of APEI⁽²⁾, and Veritas Capital's acquisition of GE Intelligent Platforms Embedded Systems. The current environment has given rise to a continuation of transformational deals, highlighted by Lockheed Martin's acquisition of Sikorsky Aircraft from United Technologies Corp for \$9 billion. To date, there have been nine transactions valued over \$1 billion. While organic growth is hard to come by, buyers are aware that acquisitions provide an opportunity to improve operating efficiencies. In addition, buyers have greater confidence in priority growth areas, and are seeking to expand their capability sets in order to position themselves for future growth.

Government Technology Solutions M&A has been increasingly impacted by an evolving industry landscape, characterized by heightened public valuations, shifting corporate strategies, and the budget dynamics for IT and professional services. These catalysts have set off a wave of consolidation, in which companies seek acquisitions to drive growth in a more fragmented and competitive marketplace. Private equity groups were particularly active throughout 3Q15, with sponsors being involved in nearly a quarter of all transactions. Key private equity deals included The Carlyle Group's acquisition of Novetta Solutions, as well as Veritas Capital's acquisition of Alion Science and Technology for \$714 million (~10.5x EBITDA). Additionally, buyer focus on mission-critical capabilities and customers continue to be the rationale for many high-profile deals. The merger between Salient Federal Solutions and CRGT highlighted the combination of key technology areas, including agile-based software development and cybersecurity, as well as major contract vehicles. CSC Government, which is to be spun off from CSC as a new publicly traded company, announced its acquisition of SRA, highlighting complementary capabilities in cybersecurity, analytics, and cloud computing, as well as access to ~150 contract vehicles as major drivers for pursuing the transaction. Potential spin-offs or sales of services portfolios by L-3, BAE, and Lockheed Martin may also introduce a new hierarchy of scale, influence, and competitive dynamics amongst the larger services pure plays given the sheer size of these assets. While annualized YTD deal count is in line with 2014, anticipated activity from major systems integrators and private equity firms in the coming months should push transaction levels above that of the last two years, indicating the continued pickup in Government Technology Solutions M&A. Furthermore, the expected activity by these large primes and private equity platforms creates an opportunity for further consolidation among well-positioned acquirers seeking additional scale, customer footprint, and capability depth as a way to compete against new and larger competitors. As a result, we expect increased M&A volume heading into 4Q15.

M&A Transaction Volume⁽¹⁾

YTD as of September 30, 2015



(1) S&P Capital IQ, company filings, and KippsDeSanto research
 (2) KippsDeSanto served as the exclusive financial advisor to APEI

Defense Update

National Military Strategy, Priority Investment Areas

Space and Terrestrial Based Warning Systems



ISR Platforms



Missile Defense Technologies



Remotely Operated Vehicles and Technologies



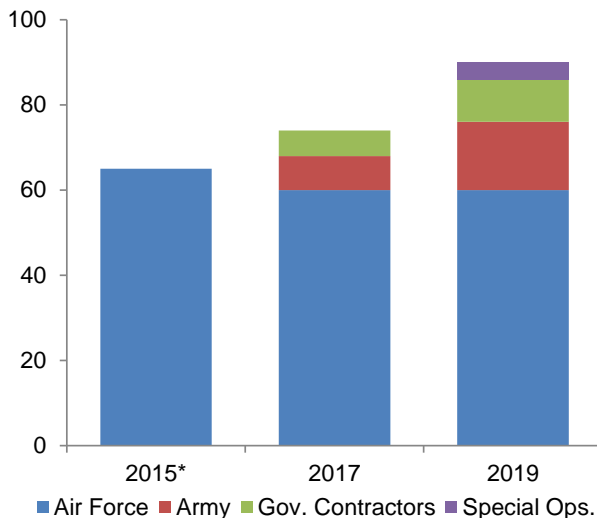
Long-Range Precision Strike Weapons

PENTAGON RELEASES NATIONAL MILITARY STRATEGY FOR THE FIRST TIME SINCE 2011

The Pentagon released an updated National Military Strategy reflecting the current global security situation, and calling out “near-peer adversaries” such as Russia and China, along with extremist organizations, such as the Islamic State, as the largest security concerns. The report also indicates that the U.S.’ comparative military advantage has begun to erode, and highlights priority efforts in modernizing nuclear enterprise and command and control infrastructure, establishing a Joint Information Environment, advancing globally integrated logistics, and building an integrated joint Intelligence, Surveillance, and Reconnaissance (“ISR”) enterprise. Other investment areas include space-based warning systems, long-range precision strike weapons, missile defense, and remotely operated vehicles and technologies.

Combat Air Patrols Per Day By Operator

For the Periods 2015, 2017, and 2019



INCREASE IN COMBAT AIR PATROLS CREATES OPPORTUNITY FOR INDUSTRY

As pressure escalates on military efforts to address recent global events, the Pentagon will be increasing the number of drone flights from 60 per day to 90 by 2019, representing a 50% increase over the next three years. Currently, combat air patrols are largely conducted by the Air Force and are in part used to conduct secret missions for the Central Intelligence Agency (“CIA”); however, to accommodate the first significant increase in flights since 2011, the DoD is turning to the Army, government contractors, and Special Forces Command to support the military with an additional sixteen, ten, and four daily flights, respectively. Demand for ISR missions by unmanned aircraft has continued to grow over the last decade, from as few as five flights a day in 2004. This increase in combat air patrols adds to that growth and creates another opportunity for industry, as military commanders require more intelligence and greater firepower to address the emerging global threats.

Oshkosh JLTV Key Milestones



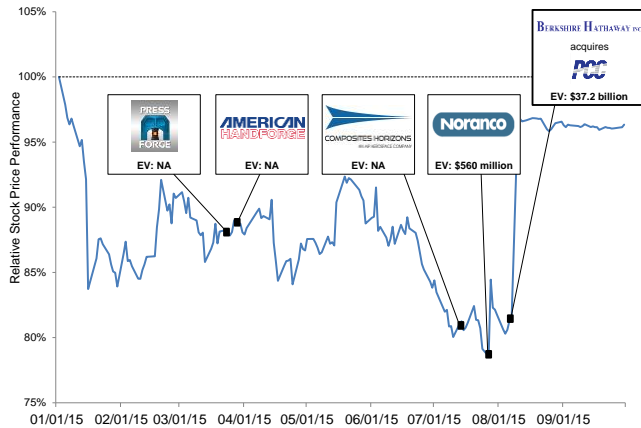
- **2005:** Began developing next generation TAK-4i independent suspension system
- **2007:** Developed Light Combat Tactical Vehicle (“LCTV”) technology demonstrator
- **2011:** Oshkosh evolved its design and introduced the Light Combat Tactical All-Terrain Vehicle (L-ATV), the platform for the Oshkosh JLTV solution
- **2012:** U.S. Government awarded Oshkosh one of three JLTV Engineering and Manufacturing Development (“EMD”) contracts for \$56.4 million
- **2013:** Oshkosh built its JLTV EMD prototypes on a warm production line and delivered them to the U.S. Army for EMD testing and evaluation
- **2014:** During EMD, Oshkosh successfully completed all requirements, testing, and evaluation
- **2015:** Oshkosh responded to the U.S. Government’s JLTV Production Request for Proposal in February and Request for Final Proposal Revisions in July
- **2015:** Oshkosh was awarded the JLTV Production contract

OSHKOSH WINS HIGHLY ANTICIPATED JOINT LIGHT TACTICAL VEHICLE (“JLTV”) CONTRACT AWARD

The U.S. Army awarded Oshkosh Corporation a \$6.75 billion contract to build roughly 17,000 Humvee replacements for the JLTV program. The contract, the largest the Army has awarded in recent years, could be worth upwards of \$30 billion. Despite stiff competition from Lockheed Martin and Humvee-maker AM General, Oshkosh beat out its competitors to build up to 55,000 JLTVs over the next 25 years. The JLTV production contract is expected to benefit over 300 suppliers throughout the U.S. Lockheed Martin has since filed a protest of the contract award, which the Government Accountability Office (“GAO”) will have 100 days from the protest date to conduct an independent review of the program and issue a decision regarding the protest. AM General did not protest, but did receive a separate Army ambulance contract for \$428.3 million.

Aerospace Update

Precision Castparts Recent Acquisition History



BERKSHIRE HATHAWAY TO ACQUIRE PRECISION CASTPARTS FOR \$37.2 BILLION

Warren Buffett's Berkshire Hathaway agreed to purchase PCC for \$37.2 billion, resulting in a 14.0x LTM EBITDA and a 3.76x LTM revenue multiple. This is Buffett's largest acquisition to date, demonstrating his confidence in the future of the Aerospace industry. Increased demand in the industry, coupled with its high margin business, has spurred considerable recent acquisition activity for PCC, announcing four acquisitions in 2015 alone. However, PCC's recent sluggish performance, down 18.7% since the beginning of 2015, provided Buffett an opportune time to submit an offer for the company. With this relatively lower stock price, Buffett believes he secured a great deal for one of the largest and most influential players in the industry.

Airbus and Boeing Final Assembly Sites



Airbus U.S. Manufacturing Facility

- Mobile Aeroplex at Brookley
- \$600 million, 53 acre site
- Final assembly of A319s, A320s, and A321
- ~1,000 employees expected

- AIRBUS**
- Airbus now has final assembly lines in Europe, Asia, and North America
 - Toulouse, France
 - Hamburg, Germany
 - Tianjin, China
 - Mobile, AL

- BOEING**
- Boeing continues to build its aircraft solely in the U.S.
 - Everett, WA
 - North Charleston, SC
 - Plans for a completion & delivery center in China are speculated

AIRBUS FOCUSED ON ENHANCING U.S. FOOTPRINT

Airbus is investing ~\$600 million in its new Mobile, Alabama A320 final assembly manufacturing plant, where it is expected to employ ~1,000 people. The facility is the company's first production site in America, demonstrating a strong commitment to the U.S. market, in which Boeing has a well-established footprint. Airbus currently spends over \$15 billion per year on suppliers in the U.S., and expects to double that over the next 15 – 20 years. While the timing may have been influenced by the Export-Import Bank's failure, key benefits include U.S. labor protections, particularly in non-union states such as Alabama, that are much less stringent than Europe; better access to the U.S. Defense market via the distinction between exporter versus local producer; and a foreign exchange hedge against future volatility. Initial deliveries are expected in 2016, with production ramping up to 40 – 50 aircraft a year by 2018.

Recent Significant Venture Capital Investments in UAV Companies⁽¹⁾

Date	Investor	Target	Size
08/27/15	intel	YUNEEC ELECTRIC AVIATION	\$60 million
08/25/15	GGVCAPITAL OFC	EHANG	\$42 million
07/21/15	SONY ZMP	Aerosense	NA
05/06/15	ACCEL PARTNERS	dji	\$75 million
04/16/15	intel	Airware	Undisclosed
02/26/15	QUALCOMM	3D Robotics	\$64 million

COMMERCIAL UNMANNED AERIAL VEHICLE ("UAV") MARKET⁽¹⁾

Investment in commercial UAV companies has risen sharply over the past few quarters. UAV startups have raised more capital in 2015 than in the last three years combined – through 3Q15, funding reached over \$300 million and deal count has increased 113% year-over-year ("YoY"). YTD deal count reached 49, 15 more than all of 2014 in which public drone funding totaled \$111 million. 3Q15 saw \$135 million in investment across a total of 16 deals. This flood into the commercial UAV market has pushed many firms such as Intel, Sony, Twitter, Amazon, and Google to focus investment on startups that cover software and data analysis. Intel for example, has invested in three UAV companies thus far, including \$60 million to Yuneec, a Chinese UAV manufacturer, as well as undisclosed amounts to Airware, a provider of commercial drone software, and PrecisionHawk, a sensor hardware maker and data analysis platform.

(1) CB Insights

Government Technology Solutions Update

Government Technology Solutions Performance⁽¹⁾

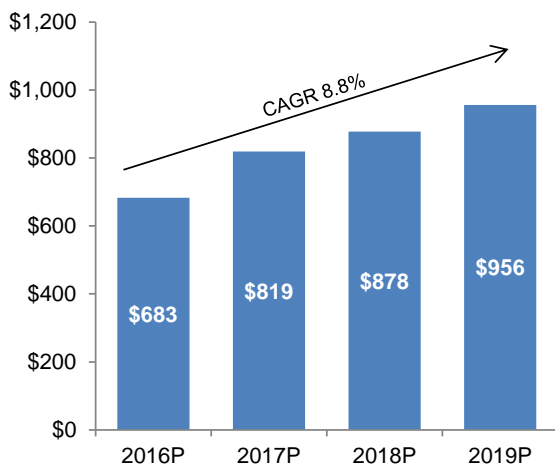
Government	EPS (Latest Quarter Releases)			EPS Growth Y/Y
	Est.	Actual	Beat / (Miss)	
Booz Allen Hamilton 1Q16: 07/29/15	\$0.43	\$0.44	1.6%	(12.0%)
CACI 4Q15: 08/13/15	1.71	1.68	(1.5%)	12.8%
ENGILITY 2Q15: 08/06/15	0.46	0.51	12.1%	(38.6%)
ICF 2Q15: 07/30/15	0.68	0.50	(26.0%)	(12.3%)
KEYW 2Q15: 08/10/15	(0.11)	(0.32)	(14.3%)	NM
leidos 2Q15: 08/05/15	0.57	0.73	28.3%	(30.9%)
ManTech 2Q15: 07/29/15	0.34	0.33	(3.4%)	(12.0%)
nci 2Q15: 07/29/15	0.19	0.23	20.0%	27.8%
SAIC 2Q16: 09/01/15	0.65	0.66	1.5%	(5.7%)
VECTRUS 2Q15: 08/06/15	0.48	0.56	17.9%	NA

MARKETPLACE EARNINGS AND GROWTH BOLSTERED BY M&A ACTIVITY

Government Technology Solutions companies reported mixed earnings this quarter against analyst expectations, with a general trend of lower Earnings Per Share (“EPS”) YoY as funding visibility continues to introduce uncertainty into the industry. Maximus reported 3Q15 revenue of \$572.3 million, and increased FY2015 guidance from \$2.10 billion to \$2.14 billion, with a large portion of its growth attributable to its Acentia & Remploy acquisitions closed in April.⁽²⁾ Engility reported 2Q15 revenue of \$575.0 million, tightened its FY2016 revenue guidance to ~\$2.0 billion, and announced that it expects to achieve organic growth in 2016. KeyW reported revenue of \$78.4 million in 2Q15, which included \$2.5 million of Hexis revenue, its commercially focused business. The company expects full year growth for its government services business between 4% and 8%. Overall, organic growth is on the horizon for Government Technology Solutions companies, but M&A remains a key priority.

Total DoD Big Data Spending⁽³⁾

(\$ in millions)



DoD AND BIG DATA

As Federal agencies collect more data in today's era of data proliferation, the DoD is projected to increase big data-focused spending at a Compound Annual Growth Rate (“CAGR”) of 8.8% from \$683 million in FY2016 to \$956 million in FY2019, with a focus on cybersecurity and intelligence analysis. Increased spending on big data creates new opportunities for contractors across all of the military services, with emphasis on the provision of advanced cloud and data analytics to support functions such as the Cyber Security Advanced Analytics Cloud, management of data collection for the new Joint Management System, and administration of the Defense Insider Threat Management and Analysis Center. These opportunities represent the first of many, and will allow contractors with big data capabilities to gain valuable experience to leverage for future work.

Select Agencies with Agile Emphasis

	<ul style="list-style-type: none"> 30 year Digital Strategy calls for further agile use Currently using agile at U.S. Citizen and Immigration Services (“CIS”) and U.S. Customs and Border Protection (“CBP”)
	<ul style="list-style-type: none"> Investing and emphasizing the utilization of agile practices as part of its “DoD IT Modernization” initiative
	<ul style="list-style-type: none"> Stressed agile in its 30 year strategy published in 2014 Awarded 22 companies a spot on \$490 million in agile contracts in August
	<ul style="list-style-type: none"> U.S. Department of Agriculture’s (“USDA”) effort to modernize its financial system in recent years has lead the agency to adopt agile in a wider scale 10 – 12 agile projects over the past 9 months
	<ul style="list-style-type: none"> GSA 18F is the GSA’s first agile focused BPA Awarded 16 vendors slots on the \$25 million BPA over 5 years as part of their alpha awards in August Larger beta awards expected in the near future

FEDERAL ADOPTION OF AGILE DEVELOPMENT CONTINUES TO GAIN MOMENTUM

Federal agencies are increasingly utilizing agile development to improve the flexibility of contracting processes. As part of its 30-year strategic plan, the DoD has emphasized the need for agile development in procurement to increase its strategic ability, and the DHS’s digital strategy calls for its introduction. The U.S. Air Force awarded 22 companies \$490 million in agile contracts in August, while the GSA launched its first agile-focused vehicle, GSA 18F, with awards to 16 vendors. These developments reflect growing momentum towards the wide-scale adoption of agile within the Federal Government, and present new opportunities for contractors. Firms with agile capabilities are able to fulfill these new IT demands and replace incumbents, as agencies look to the cheaper costs and quicker deliverables associated with agile in order to contend with a persistently uncertain budget environment.

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

(2) While not a part of the referenced comparables set, Maximus is discussed because its earnings report highlights several ongoing trends in the industry

(3) Deltek

Public Company Trading Analysis⁽¹⁾ (\$ in millions, except per share amounts)

Defense Primes	Stock Price 09/30/15	% 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	\$130.95	82.4%	\$88,980	\$88,452	\$95,060	\$9,974	10.5%	\$97,258	\$11,117	11.4%	0.93x	8.9x	0.91x	8.0x
Lockheed Martin	207.31	97.2%	64,377	69,577	44,735	6,591	14.7%	46,164	7,108	15.4%	1.56x	10.6x	1.51x	9.8x
General Dynamics	137.95	89.7%	44,520	43,901	31,787	4,632	14.6%	32,538	4,822	14.8%	1.38x	9.5x	1.35x	9.1x
Raytheon	109.26	96.4%	33,166	36,547	23,019	3,515	15.3%	23,487	3,745	15.9%	1.59x	10.4x	1.56x	9.8x
Northrop Grumman	165.95	93.8%	31,098	35,718	23,758	3,510	14.8%	24,023	3,632	15.1%	1.50x	10.2x	1.49x	9.8x
BAE Systems	6.77	81.5%	21,427	24,438	27,010	3,186	11.8%	27,452	3,331	12.1%	0.90x	7.7x	0.89x	7.3x
Median		91.8%	\$38,843	\$40,224	\$29,399	\$4,074	14.7%	\$29,995	\$4,284	15.0%	1.44x	9.8x	1.42x	9.4x

Defense Systems	Stock Price 09/30/15	% 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	\$75.11	94.3%	\$31,273	\$33,507	\$18,819	\$3,344	17.8%	\$19,773	\$3,556	18.0%	1.78x	10.0x	1.69x	9.4x
Rockwell Collins	81.84	82.4%	10,784	12,908	5,339	1,280	24.0%	5,645	1,367	24.2%	2.42x	10.1x	2.29x	9.4x
L-3 Communications	104.52	78.6%	8,396	12,066	11,646	1,332	11.4%	11,718	1,386	11.8%	1.04x	9.1x	1.03x	8.7x
Huntington Ingalls Industries	107.15	74.4%	5,124	5,843	6,962	889	12.8%	7,032	936	13.3%	0.84x	6.6x	0.83x	6.2x
Cobham	4.32	81.8%	4,895	6,841	3,451	715	20.7%	3,575	737	20.6%	1.98x	9.6x	1.91x	9.3x
Orbital ATK, Inc.	71.87	88.7%	4,248	5,783	4,405	606	13.8%	4,641	667	14.4%	1.31x	9.5x	1.25x	8.7x
FLIR	27.99	81.2%	3,926	3,732	1,564	375	24.0%	1,659	405	24.4%	2.39x	9.9x	2.25x	9.2x
Kongsberg Gruppen	14.41	74.5%	1,721	2,367	2,118	254	12.0%	2,157	266	12.3%	1.12x	9.3x	1.10x	8.9x
Cubic	41.94	75.3%	1,127	1,085	1,432	138	9.7%	1,483	157	10.6%	0.76x	7.8x	0.73x	6.9x
AeroVironment	20.04	64.7%	471	253	270	12	4.4%	286	13	4.6%	0.94x	21.5x	0.88x	19.4x
Median		79.9%	\$4,572	\$5,813	\$3,928	\$660	13.3%	\$4,108	\$702	13.8%	1.22x	9.6x	1.17x	9.1x

Defense Electronics / Comm.	Stock Price 09/30/15	% 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	\$73.15	86.3%	\$9,043	\$13,783	\$5,321	\$1,307	24.6%	\$6,683	\$1,435	21.5%	2.59x	10.5x	2.06x	9.6x
Teledyne	90.30	80.8%	3,196	3,900	2,456	404	16.5%	2,549	425	16.7%	1.59x	9.7x	1.53x	9.2x
ViaSat	64.29	93.4%	3,088	3,912	1,442	350	24.2%	1,552	395	25.5%	2.71x	11.2x	2.52x	9.9x
Ultra Electronics	25.92	89.5%	1,810	2,046	1,134	206	18.2%	1,216	230	18.9%	1.80x	9.9x	1.68x	8.9x
Mercury Systems	15.91	90.4%	548	470	241	45	18.8%	255	52	20.4%	1.95x	10.4x	1.84x	9.0x
Comtech Telecommunications	20.61	50.7%	333	182	328	55	16.8%	NA	NA	NA	0.55x	3.3x	NA	NA
Kratos Defense & Security Solutions	4.22	59.3%	249	890	853	74	8.7%	793	66	8.3%	1.04x	12.0x	1.12x	13.5x
Median		86.3%	\$1,810	\$2,046	\$1,134	\$206	18.2%	\$1,384	\$312	19.6%	1.80x	10.4x	1.76x	9.4x

Homeland Security	Stock Price 09/30/15	% 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	\$15.21	79.0%	\$6,007	\$7,301	\$4,568	\$883	19.3%	\$4,642	\$920	19.8%	1.60x	8.3x	1.57x	7.9x
OSI Systems, Inc.	76.96	97.1%	1,521	1,484	975	193	19.8%	NA	NA	NA	1.52x	7.7x	NA	NA
MSA Safety Incorporated	39.97	67.8%	1,493	1,682	1,114	175	15.7%	1,184	204	17.2%	1.51x	9.6x	1.42x	8.2x
Analogic	82.04	88.9%	1,020	896	555	83	15.0%	599	96	16.0%	1.61x	10.8x	1.50x	9.3x
Smith & Wesson	16.87	87.8%	917	1,039	600	NA	NA	640	144	22.5%	1.73x	NA	1.62x	7.2x
American Science & Engineering	35.56	61.6%	254	172	137	20	14.6%	150	NA	NA	1.25x	8.6x	1.14x	NA
Median		83.4%	\$1,256	\$1,262	\$788	\$175	15.7%	\$640	\$174	18.5%	1.56x	8.6x	1.50x	8.1x

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

Public Company Trading Analysis, cont.⁽¹⁾

(\$ in millions, except per share amounts)

Aerospace Systems	Stock Price 09/30/15	% 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	\$212.41	86.7%	\$11,371	\$18,955	\$2,865	\$1,252	43.7%	\$3,135	\$1,394	44.5%	6.62x	15.1x	6.05x	13.6x
Zodiac Aerospace	22.87	57.2%	6,291	7,886	5,541	770	13.9%	6,030	995	16.5%	1.42x	10.2x	1.31x	7.9x
Meggitt	7.21	80.2%	5,575	6,694	2,589	709	27.4%	2,698	760	28.2%	2.59x	9.4x	2.48x	8.8x
B/E Aerospace	43.90	52.4%	4,663	6,493	2,809	598	21.3%	2,863	627	21.9%	2.31x	10.9x	2.27x	10.4x
HEICO	48.88	76.7%	3,128	3,542	1,257	284	22.6%	1,362	303	22.3%	2.82x	12.5x	2.60x	11.7x
Esterline	71.89	59.6%	2,124	2,860	1,930	317	16.4%	2,186	387	17.7%	1.48x	9.0x	1.31x	7.4x
Triumph Group	42.08	59.3%	2,075	3,585	4,028	617	15.3%	4,030	655	16.2%	0.89x	5.8x	0.89x	5.5x
Astronics	40.43	52.3%	899	1,106	717	136	18.9%	771	152	19.8%	1.54x	8.2x	1.43x	7.3x
AAR	18.97	55.4%	674	787	1,628	129	7.9%	1,771	166	9.4%	0.48x	6.1x	0.44x	4.7x
Median		59.3%	\$3,128	\$3,585	\$2,589	\$598	18.9%	\$2,698	\$627	19.8%	1.54x	9.4x	1.43x	7.9x

Aerospace Structures	Stock Price 09/30/15	% of 52 Week High	Market Cap	Enterprise Value	CY2015E			CY2016P			EV / CY2015E		EV / CY2016P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Spirit AeroSystems	\$48.34	83.4%	\$6,634	\$6,829	\$6,739	\$1,058	15.7%	\$6,943	\$1,080	15.6%	1.01x	6.5x	0.98x	6.3x
Hexcel	44.86	82.0%	4,325	4,798	1,896	432	22.8%	2,071	485	23.4%	2.53x	11.1x	2.32x	9.9x
Senior	3.80	69.4%	1,594	1,823	1,381	225	16.3%	1,457	234	16.1%	1.32x	8.1x	1.25x	7.8x
LMI Aerospace	10.28	69.5%	133	405	381	44	11.5%	401	49	12.2%	1.06x	9.2x	1.01x	8.3x
Median		75.7%	\$2,960	\$3,310	\$1,638	\$329	16.0%	\$1,764	\$360	15.8%	1.19x	8.7x	1.13x	8.0x

Government Technology Solutions	Stock Price 09/30/15	% 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	\$26.21	83.7%	\$3,839	\$5,304	\$5,278	\$516	9.8%	\$5,416	\$563	10.4%	1.01x	10.3x	0.98x	9.4x
Leidos Holdings	41.31	87.6%	2,977	3,741	4,917	378	7.7%	5,085	427	8.4%	0.76x	9.9x	0.74x	8.8x
Science Applications International Corp.	40.21	71.8%	1,851	2,819	4,411	306	6.9%	4,672	337	7.2%	0.64x	9.2x	0.60x	8.4x
CACI International	73.97	80.2%	1,790	2,834	3,321	306	9.2%	3,473	327	9.4%	0.85x	9.3x	0.82x	8.7x
ManTech International	25.70	72.9%	965	1,013	1,603	121	7.6%	1,643	125	7.6%	0.63x	8.4x	0.62x	8.1x
Engility Holdings	25.78	52.6%	949	2,114	2,161	210	9.7%	2,370	239	10.1%	0.98x	10.0x	0.89x	8.8x
ICF International	30.39	69.5%	589	941	1,183	116	9.8%	1,266	128	10.1%	0.80x	8.1x	0.74x	7.4x
KEYW	6.15	48.8%	237	346	314	13	4.0%	343	26	7.5%	1.10x	NM	1.01x	13.5x
Vectrus, Inc.	22.04	65.3%	233	327	1,124	43	3.8%	1,180	47	4.0%	0.29x	7.6x	0.28x	7.0x
VSE Corp.	40.07	47.7%	215	481	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NCI	13.27	79.1%	173	192	335	27	8.0%	342	28	8.1%	0.57x	7.2x	0.56x	7.0x
Median		71.8%	\$949	\$1,013	\$1,882	\$166	7.8%	\$2,006	\$184	8.2%	0.78x	9.2x	0.74x	8.5x

Engineering & Construction	Stock Price 09/30/15	% 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	\$13.81	75.6%	\$6,964	\$9,114	\$7,504	\$1,011	13.5%	\$8,099	\$1,106	13.7%	1.21x	9.0x	1.13x	8.2x
Jacobs Engineering	37.43	75.0%	4,634	4,812	12,055	737	6.1%	12,370	803	6.5%	0.40x	6.5x	0.39x	6.0x
AECOM	27.51	77.7%	4,153	8,586	18,827	1,131	6.0%	19,541	1,224	6.3%	0.46x	7.6x	0.44x	7.0x
Tetra Tech	24.31	87.3%	1,464	1,527	1,809	210	11.6%	1,895	NA	NA	0.84x	7.3x	0.81x	NA
Median		76.7%	\$4,393	\$6,699	\$9,779	\$874	8.9%	\$10,234	\$1,106	6.5%	0.65x	7.4x	0.62x	7.0x

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

Select Recent Aerospace / Defense M&A⁽¹⁾ (\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
						Margin	Rev.	EBITDA	EBITDA
09/28/15	Addtech Components AB	RECAB Embedded Computers AB	Develops, manufactures, and markets innovative embedded computer systems for demanding applications to OEM customers in the Nordic market	NA	\$11.8	NA	NA	NA	NA
09/25/15	Red Aviation	DFW Instrument, LLC.	Provides critical aircraft flight instruments	NA	NA	NA	NA	NA	NA
09/24/15	CM Equity Partners	Graco Supply & Integrated Services	Distributes adhesives, paints, coatings, primers, lubricants, tapes, and cleaners; and maintenance, repair, and overhaul ("MRO") products to the aerospace, aircraft, and industrial markets	NA	NA	NA	NA	NA	NA
09/23/15	BBA Aviation plc	Landmark Aviation	Provides refueling and other ground services at airports including fixed based operator ("FBO"), MRO, and aircraft management services	\$2,065.0	NA	\$161.0	NA	NA	12.8x
09/22/15	Veritas Capital Fund Management, LLC	GE Intelligent Platforms Embedded Systems, Inc.	Supplies sophisticated, open architecture computing and electronic systems for aerospace, defense, and industrial solutions	NA	NA	NA	NA	NA	NA
09/22/15	Meggitt PLC	EDAC Composites	Manufactures highly engineered aerospace components for jet engine and airframe applications	340.0	NA	NA	NA	NA	NA
09/17/15	Honeywell International, Inc.	Aviaso Inc.	Provides software solutions to the aviation industry offering fuel efficiency and emission savings solutions	NA	NA	NA	NA	NA	NA
09/17/15	Communications & Power Industries LLC	ASC Signal Corp.	Designs and builds advanced satellite communications, radar, and high-frequency antennas and controllers	50.0	NA	NA	NA	NA	NA
09/16/15	Lauren International, Ltd.	Theiss UAV Solutions, LLC	Designs and manufactures homebuilt and ultralight aircraft for general aviation	NA	NA	NA	NA	NA	NA
09/16/15	ADS, Inc.	Theodor Wille Intertrade	Provides supply chain management services for defense, government, and energy sectors	NA	NA	NA	NA	NA	NA
09/10/15	Inland Technologies	Boreas Holdings	Provides outsourced airport services	NA	NA	NA	NA	NA	NA
09/02/15	Donaldson Company, Inc.	Engineered Products Co.	Engages in the design, manufacture, and supply of filter monitoring devices	NA	NA	NA	NA	NA	NA
09/01/15	Resilience Capital Partners, LLC	Porter's Group, LLC	Provides metal fabrication solutions serving the security, military, mining, heavy equipment, and trucking industries	NA	NA	NA	NA	NA	NA
08/28/15	ARCH Global Precision LLC	Smiths Machine LLC	Provides precision machined parts for defense, aerospace, and other commercial industries	NA	NA	NA	NA	NA	NA
08/28/15	Keysight Technologies	Electroservices Enterprises Ltd.	Manufactures and markets test equipment services and solutions	NA	NA	NA	NA	NA	NA
08/26/15	Libra Industries	Circuit Design Specialties, Inc.	Manufactures and produces printed circuit board assemblies	NA	NA	NA	NA	NA	NA
08/24/15	Transcat, Inc.	Anmar Metrology, Inc.	Provides customized calibration and repair solutions for customers in multiple industries, with a significant focus on the life science and defense markets	NA	NA	NA	NA	NA	NA
08/24/15	HEICO Corporation	Midwest Microwave Solutions, Inc. (MMS)	Designs and manufactures unique size, weight, power, and cost optimized communications and electronic intercept receivers and tuners for military and intelligence applications	NA	NA	NA	NA	NA	NA
08/24/15	HEICO Corporation	Astroseal Products Manufacturing Corp	Provides expanded foil mesh, which is integrated into composite aerospace structures for lightning strike protection in fixed and rotary wing aircraft	NA	NA	NA	NA	NA	NA
08/20/15	MAG DS Corp.	BOSH Global Services, Inc.	Provides planning, acquisition, system installation, training, and global support and operation services for unmanned ground, air, sea, and space programs	NA	NA	NA	NA	NA	NA
08/19/15	Air Partner Plc	Baines Simmons Ltd.	Provides training, consulting, and outsourced services to civil aviation, defense aviation, and regulatory authorities	9.4	NA	NA	NA	NA	NA
08/19/15	Pro Star Aviation, LLC	HL Tooling, LLC	Provides high quality precision machining	NA	NA	NA	NA	NA	NA
08/19/15	HEICO Corporation	Aerospace & Commercial Technologies, Inc.	Produces and installs aircraft modification kits for F-16 aircraft	NA	NA	NA	NA	NA	NA
08/13/15	Victory Park Capital	GLE Precision	Manufactures tungsten carbide tooling, gauges, and product components used in diversified industries, including water jet, computer chip, medical, battery, and others	NA	NA	NA	NA	NA	NA

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

Select Recent Aerospace / Defense M&A, cont.⁽¹⁾
(\$ in millions)

Announce						EBITDA		EV / LTM	
Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	Margin	Rev.	EBITDA
08/12/15	Air Industries Group, Inc.	Compac Development Corp.	Manufactures radio frequency interface ("RFI") / electromagnetic interference ("EMI") shielded enclosures for electronic components	\$1.2	NA	NA	NA	NA	NA
08/10/15	TAT technologies, Ltd.	Chromalloy Israel Ltd.	Provides overhaul, repair, and coating of jet engine components	5.5	NA	NA	NA	NA	NA
08/10/15	Meggitt PLC	Cobham plc, Advanced Composites Business	Designs, develops, and produces highly engineered aerospace composite engine components, radomes, and complex secondary structures	200.0	\$81.0	\$20.0	24.7%	2.47x	10.0x
08/10/15	Berkshire Hathaway	Precision Castparts Corp.	Manufactures and sells metal components and products to the aerospace, power, and general industrial and other markets worldwide	37,200.0	9,897.0	2,654.0	26.8%	3.76x	14.0x
08/07/15	Sunvair Aerospace Group, Inc.	Aviation Avionics and Instruments, Inc.	Provides specialized capabilities in the repair of accessories, including avionics, flight instruments, pressure sensing components, and environmental control systems	NA	NA	NA	NA	NA	NA
08/06/15	Impresa Aerospace, LLC	Dynamic Solutions, LLC	Manufactures, and supplies electro-dynamic vibration test equipment and test solutions	NA	NA	NA	NA	NA	NA
08/06/15	Rockwell Collins, Inc.	International Communications Group, Inc.	Provides satellite-based global voice and data communication products and services for the aviation industry	64.0	NA	NA	NA	NA	NA
08/06/15	U.S. Technologies, Inc.	Broadband Wireless, LLC	Manufactures customized linear high efficiency radio frequency power amplifiers for the medical, wireless telecom, and defense industries	NA	NA	NA	NA	NA	NA
08/06/15	Aero 3, Inc. / Weinberg Capital Group	Accessory Overhaul Group, Inc.	Provides repair and overhaul of aircraft brakes and wheel assemblies as well as starter generators, batteries, oxygen canisters, and related aircraft components	NA	NA	NA	NA	NA	NA
08/05/15	Cohort plc	Empresa de Investigacao e Desenvolvimento de Electronica, S.A.	Supplies advanced electronics, communications and command and control ("C3") products and systems for the global defense market	17.4	15.8	NA	NA	1.10x	NA
08/03/15	Battery Ventures	NICE Systems Ltd., Physical Security Business	Provides video surveillance technologies and capabilities to security-aware organizations	100.0	NA	NA	NA	NA	NA
07/30/15	Sensata Technologies Holding N.V.	Custom Sensors & Technologies, Inc.	Designs and manufactures sensing, control, and motion products for the aerospace industry	1,000.0	320.0	83.2	26.0%	3.13x	12.0x
07/29/15	Satcom Direct Communications, Inc.	Airbus DS SatCom Government, Inc.	Designs and delivers satellite communications services for the aerospace market	NA	NA	NA	NA	NA	NA
07/29/15	Solvay S.A.	Cytec Industries, Inc.	Focuses on developing, manufacturing, and selling value-added products for aerospace and industrial materials, mining, and plastics industries	6,226.0	2,007.7	299.4	14.9%	3.10x	20.8x
07/28/15	TransDigm Group Incorporated	PneuDraulics, Inc.	Designs, develops, manufactures, and supplies precision hydraulic components for the aerospace industry worldwide	325.0	NA	NA	NA	NA	NA
07/28/15	GKN plc	Fokker Technologies Group B.V.	Designs, develops, and manufactures aircraft components and systems for aircraft manufacturers worldwide	776.0	840.0	84.3	10.0%	0.92x	9.2x
07/28/15	Accurus Aerospace Corporation	LaCroix Industries, Inc.	Manufactures precision sheet metal fabrication products for government and commercial aerospace customers	NA	NA	NA	NA	NA	NA
07/27/15	Vista Outdoor	CamelBak Products, LLC	Manufactures and sells hydration products and solutions for commercial and military sectors	412.5	160.0	34.3	21.4%	2.58x	12.0x
07/27/15	Precision Castparts Corp.	Noranco	Manufactures aero-structures, landing gear systems, and aero engine precision components and complex assemblies for commercial and military aerospace sectors internationally	560.0	330.0	NA	NA	1.70x	NA
07/22/15	BlackBerry Limited	AtHoc, Inc.	Provides networked crisis communication solutions to the DoD and the Department of Homeland Security, as well as numerous other government agencies	NA	NA	NA	NA	NA	NA
07/22/15	Cyient Ltd.	Pratt & Whitney Global Sevices Engineering Asia	Provides repairs, development, and validation for aero gas turbine engine components throughout the region	NA	NA	NA	NA	NA	NA
07/20/15	ShoreView Industries	Pacific Aerospace & Electronics (Esterline)	Manufactures and supplies micro-electronic hermetic products, and ceramic and metal components for defense, space, medical, and commercial industries	NA	NA	NA	NA	NA	NA
07/20/15	TASER International BV	Tactical Safety Responses Limited	Provides a range of tactical safety products, services, and training	4.0	NA	NA	NA	NA	NA
07/20/15	Lockheed Martin Corporation	Sikorsky Aircraft (United Technologies Corporation)	Designs, manufactures, and services military and commercial helicopters and fixed-wing aircraft	9,000.0	7,451.0	692.3	9.3%	1.21x	13.0x

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

Select Recent Government Technology Solutions M&A⁽¹⁾

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
						Margin		Rev.	EBITDA
09/18/15	RGS Associates, Inc.	Software Theoretic Corporation	Provides the U.S. Intelligence Community ("IC") with highly cleared specialists providing cloud computing, data center migration, software engineering, and database administration services	NA	NA	NA	NA	NA	NA
09/17/15	Chickasaw Nation Industries	Corvid Technologies, LLC	Provides engineering services and business consulting services, specializing in systems analysis or design	NA	NA	NA	NA	NA	NA
09/16/15	The Carlyle Group LP / The Chertoff Group	Coalfire Systems, Inc.	Provides IT audit, risk assessment, compliance management solutions, cloud, and virtualization services in the U.S.	NA	NA	NA	NA	NA	NA
09/09/15	Versar, Inc.	Johnson Controls Security Systems, LLC	Provides design, installation, and support for physical security, network security, and facilities management systems for the Federal Government	\$10.6	NA	NA	NA	NA	NA
09/01/15	SageNet	Cybersecurity Division of Turnberry Solutions Inc.	Provides security strategy, assessments, and intelligence, audit and compliance assessments, risk management, cloud security, e-discovery, and managed security operations	NA	NA	NA	NA	NA	NA
08/31/15	Calibre Systems, Inc.	IMC Health & Life Sciences and Defense & Public Sector Groups	Provides custom, packaged solutions and services in the areas of enterprise content management, technology consulting, and business intelligence	NA	NA	NA	NA	NA	NA
08/31/15	Computer Sciences Government Services, Inc.	SRA Companies, Inc.	Provides IT and professional services to the U.S. Federal Government through two business groups, Health & Civil and National Security	2,276.5 ⁽²⁾	\$1,377.2	\$167.3	12.1%	1.65x ⁽²⁾	11.8x ⁽²⁾
08/27/15	Carlyle Group	Novetta Solutions	Provides analytics software and solutions to detect threat and fraud, and protect government networks, as well as cyber and discovery analytics, data analytics, and intelligence solutions	NA	NA	NA	NA	NA	NA
08/18/15	Iron Data	MicroPact	Provides case management and business process management software solutions to customers in government, commercial, and education sectors	NA	NA	NA	NA	NA	NA
08/18/15	American Systems Corporation	EM Business Holdings	Provides engineering, science, and advanced technology solutions to classified Federal Government customers dealing with Intelligence, Surveillance, Reconnaissance and Targeting ("ISRT") missions	NA	NA	NA	NA	NA	NA
08/11/15	Salient Federal Solutions, Inc.	CRGT, Inc.	Provides information management and technology services to defense, homeland security, intelligence, and Federal civilian agencies in the U.S.	NA	NA	NA	NA	NA	NA
08/04/15	CA, Inc.	Xceedium, Inc.	Provides privileged identity management solutions for hybrid cloud enterprises	NA	NA	NA	NA	NA	NA
08/04/15	Accenture plc	FusionX	Provides cyber attack simulation, threat modeling, cyber investigations, and security risk advisory services	NA	NA	NA	NA	NA	NA
07/30/15	Blue Coat Systems Inc.	PerspecSys Inc.	Provides cloud data protection solutions that enable mission-critical cloud applications to be adopted throughout the enterprise	NA	NA	NA	NA	NA	NA
07/23/15	Veritas Capital	Alion Science and Technology Corp.	Provides engineering, IT, naval architecture, and operational solutions for defense, civilian government, foreign governments, and commercial industries worldwide	714.0	971.4	68.0	7.0%	0.74x	10.5x
07/13/15	The Radiant Group	HumanGeo	Provides data, services, and products in the areas of big data applications, social media analytics, and geospatial visualization to the Federal Government and commercial sector	NA	NA	NA	NA	NA	NA
07/13/15	GardaWorld	Aegis Group	Provides highly specialized protective services with a presence across 10 African and Middle East emerging markets	NA	NA	NA	NA	NA	NA
06/16/15	ManTech International	Knowledge Consulting Group, Inc.	Provides risk management, governance, operations, and compliance services for government and commercial sectors in the U.S.	NA	NA	NA	NA	NA	NA
06/09/15	Global Defense & National Security Systems, Inc.	STG Incorporated	Provides services in the areas of enterprise network operations, cyber security, financial services, systems engineering and integration, and linguistics and intelligence solutions	165.5	209.7	18.4	8.8%	0.79x	9.0x
06/05/15	World Wide Technology, Inc.	Asynchrony	Provides technology consulting, specializing in application development, mobile computing, systems and sensor integration, enterprise architecture, and tactical collaboration	NA	NA	NA	NA	NA	NA
05/27/15	Tech Data Corp.	Signature Technology Group, Inc.	Provides hardware maintenance and operating systems support, staff augmentation, and professional services, including data center deployment, software migration, and consulting	NA	17.5	NA	NA	NA	NA
05/21/15	Cyberbit Ltd., a subsidiary of Elbit Systems	NICE Systems' cyber and intelligence division	Provides tools for generating intelligence from communications for law enforcement agencies and intelligence organizations	117.9	315.8	NA	NA	0.37x	NA
05/08/15	ABRY Partners, LLC	Compusearch Software Systems, Inc.	Provides enterprise software and services that automate mandated business rules for public sector contracts and grants	NA	NA	NA	NA	NA	NA
05/07/15	Constellis Group, Inc.	Olive Group	Provides integrated risk mitigation solutions to multinational corporations, governments, non-governmental organizations, and private individuals	NA	NA	NA	NA	NA	NA

(1) S&P Capital IQ, company filings, and KippsDeSanto research
(2) KippsDeSanto estimate inclusive of stock component

Select Recent KippsDeSanto & Co. Advised Transactions

AEGIS

has been acquired by

GARDAWORLD

a portfolio company of

Apax
 PARTNERS

September 2015

@MC

*has sold its H&LS and D&P
 business units to*

CALIBRE

August 2015

X APEI

has been acquired by

CREE

July 2015

FIDELIS
 CYBERSECURITY.

a line of business of

GENERAL DYNAMICS
 Mission Systems

has been acquired by

MARLIN EQUITY
 PARTNERS

May 2015

KUTTA
 Technologies for earth and air®

has been acquired by

snc **SIERRA
 NEVADA
 CORPORATION**

April 2015

AMPEX | Data Systems

has been acquired by

DELTA INFORMATION SYSTEMS, INC.

October 2014

DRG Intelligence
 Surveillance
 Reconnaissance

has been acquired by

NOVETTA

a portfolio company of

A

October 2014

Advanced Systems
 Line of Business of

GENERAL DYNAMICS
 Advanced Information Systems

has been acquired by

MDA

October 2014

GlobalNet Services Inc.

has been acquired by

**Information
 Innovators
 Inc.**
 Insight • Integration • Impact

a portfolio company of

DFW CAPITAL PARTNERS

August 2014

7DELTA

has been acquired by

ManTech
 International Corporation®

May 2014

RNSolutions

has been acquired by

**DOVEL
 TECHNOLOGIES**

May 2014

UEE
 ELECTRONICS

has been acquired by

AROTECH

April 2014

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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