

Aerospace / Defense and Government Technology Solutions



Kipps DeSanto 
INVESTMENT BANKING
8000 Towers Crescent Drive
Suite 1200
Tysons Corner, Virginia 22182
703.442.1400
www.kippsdesanto.com



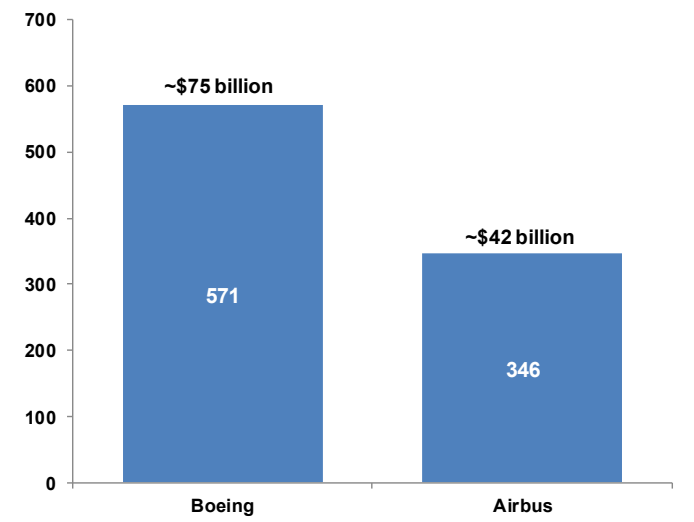
Select Recent KippsDeSanto & Co. Advised Transactions

 <i>has been acquired by</i>  July 2017	 <i>Precision Systems & Space Company, Inc.</i> <i>a subsidiary of</i>  <i>a portfolio company of</i>   &  <i>has been acquired by</i> <i>J.F. Lehman & Company</i> April 2017	 <i>has been acquired by</i>  April 2017
 <i>has been acquired by</i>  <i>MHI Holdings, LLC</i> <i>a portfolio company of</i>  March 2017	 <i>a portfolio company of</i>  <i>has been acquired by</i>  <i>a portfolio company of</i>  &  February 2017	 <i>has been acquired by</i>  December 2016
 <i>Intelligently Adapting Technology</i> <i>has been acquired by</i>  December 2016	 <i>has been acquired by</i>  <i>Because Service Matters.</i> December 2016	 <i>INTEGRATED SECURITY SYSTEMS, LLC</i> <i>a subsidiary of</i>  <i>has sold its assets to</i>  December 2016
 <i>has been acquired by</i>  September 2016	 <i>Mission Information Assured</i> <i>has been acquired by</i>  August 2016	 <i>has acquired</i>  July 2016

Operational / Funding Environment

Within the aerospace sector, Boeing and Airbus are providing strong evidence that the aircraft market remains strong after it was announced both companies outperformed analyst order expectations at the Paris Air Show in June. During the week-long biennial conference, Boeing emerged as the clear winner when compared to its European arch-rival Airbus. For the first time since 2012, Boeing received more aircraft orders than Airbus during the event, securing 571 new aircraft orders and commitments worth ~\$75 billion compared to Airbus' 346 new aircraft orders and commitments worth ~\$42 billion. Single-aisle aircraft comprised most of the orders and commitments for both companies. Boeing's new 737 Max added orders from 16 new customers for a total of 361, while Airbus received 286 single-aisle aircraft orders. Additionally, days after it was reported that Lockheed Martin was close to finalizing a \$37 billion deal for 440 F-35 Lightning II multirole fighters to 11 nations, its F-35A fighter jet performed its first public aerial demonstration and created quite a buzz among observers during the show.

Paris Airshow: New Aircraft Orders and Commitments



The GFY2017 and GFY2018 budgets remained major topics of discussion within the defense sector and the Trump Administration during 2Q17. After months of funding at GFY2016 levels under the Continuing Resolution ("CR"), Congress agreed in early May on a \$592.7 billion defense spending bill for the remainder of GFY2017, including \$516.1 billion for the base budget and \$76.6 billion for the Overseas Contingency Operations ("OCO") budget. When coupled with the \$5.8 billion in supplemental funding enacted under the CR in December 2016, the total GFY2017 budget stands at \$598.5 billion. On May 23rd, President Trump officially sent his \$639.1 billion defense budget request for GFY2018 to Congress; the request included \$574.5 billion for the base budget and \$64.6 billion for the OCO budget. This base budget request is \$52 billion above the Budget and Control Act of 2011 defense budget cap and \$19 billion more than what was planned for GFY2018 by the Obama Administration. Despite this increase, critics believe this proposal falls short of President Trump's campaign pledge to fund an "historic" defense increase; however, Defense Secretary James Mattis assured the House Armed Services Committee that the "real growth" in the military budget will begin in 2019 and go through 2023. The Trump Administration believes this request will improve warfighter readiness, address evolving national security challenges, and modernize the nuclear enterprise. Major investments for the budget request⁽¹⁾ include \$10.3 billion for the F-35 Joint Strike Fighter (70 aircraft), \$5.5 billion for the Virginia Class Submarine (2 ships), \$4.6 billion for the CVN-78 Class Aircraft Carrier (1 ship), \$4.0 billion for the DDG-51 Destroyer (2 ships), and \$3.1 billion for the KC-46 Tanker (15 aircraft). Within the Department of Defense ("DoD"), \$183.0 billion will be spent on the Air Force, \$180.0 billion on the Navy, \$166.0 billion on the Army, and \$110.1 billion on other defense-wide areas.

The Trump Administration remains focused on modernizing Federal IT systems and strengthening cybersecurity capabilities across government agencies. The President continues to vocalize his support for increased funding to secure Federal networks from potential cyberattacks and proposed a \$1.5 billion increase in the Federal budget for the Department of Homeland Security to establish a cyber unit to oversee advancements in cyberattack detection and protection. The Department of Justice and Federal Bureau of Investigation ("FBI") also benefit from the proposed budget, receiving \$61 million in supplemental funds to combat potential cyber warfare. In addition to cybersecurity funding, the proposed budget allocates \$228 million to modernize outdated Federal information infrastructure and improve system interoperability across departments. With an increased emphasis on cyberattack situational awareness and survivability, the DoD requested a 5% increase over last year for its IT budget, while, on a macro level, proposed Federal IT funding increased by \$1.6 billion, from \$94.1 billion last year to \$95.7 billion. To further emphasize his commitment to enhancing IT capabilities, President Trump signed executive orders directing government agencies to adopt a cyber framework that enhances their ability to secure confidential information and to establish the American Technology Council. With additional funding and dedicated teams to oversee the mission, the Administration hopes to expedite its efforts to revamp Federal IT systems and protect the government from future cyberattacks.

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Capital Markets and Public Market Valuation Trends

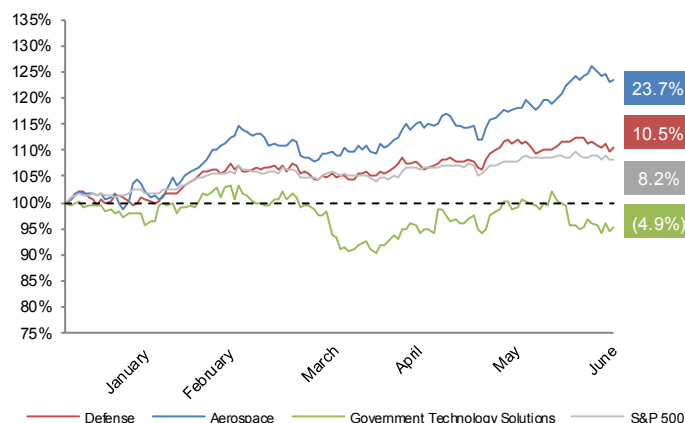
Bolstered by generally positive earnings announcements across the board, the aerospace sector posted strong gains in 2Q17. While the aerospace index is up 23.7% YTD – largely supported by Airbus (up 23.8% YTD) and Boeing (up 27.0% YTD), solid gains in 2Q17 by Bombardier (up 12.9% YTD) and Triumph Group (up 19.2% YTD), despite lackluster 1Q17s, have augmented the increase. Bombardier experienced a robust 2Q17 (up 17.7%), as it reported better than forecasted earnings before interest and taxes and strong free cash flows. Although flat through 1Q17, Triumph stock rebounded this quarter (up 22.1%) when the company settled a lawsuit with Bombardier surrounding delays and escalating costs with the Global 7000 wing and beat Wall Street cash flow expectations. Median enterprise value (“EV”) / next twelve months (“NTM”) EBITDA multiples were 8.6x through YTD, up from 8.0x in 2Q16, but down from 9.2x during the same period in 2015.

YoY Q4 Revenue Comparison of Select Aerospace Companies ⁽¹⁾⁽²⁾

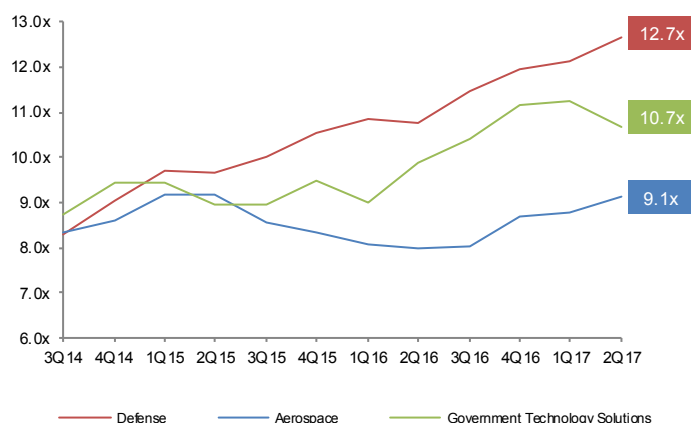
(\$ in millions)	1Q16	1Q17	Δ%
Esterline	\$490	\$509	3.8%
HEICO	351	369	5.1%
Honeywell	3,705	3,546	(4.3%)
TransDigm	797	873	9.6%
Triumph	1,058	920	(13.0%)
Rockwell Collins	1,311	1,342	2.4%
UTC	7,093	7,369	3.9%
Average	\$2,115	\$2,133	0.8%

Relative Stock Price Performance⁽²⁾

For the Six Months Ended on June 30, 2017



Median Quarterly EV / NTM EBITDA Multiples⁽²⁾



Following the election pop in 4Q16 and subsequent gains in 1Q17, shares of major defense contractors have continued to climb in 2Q17, now up 10.5% YTD, outpacing the S&P's 8.2% return over the same period. As of June 30th, all companies in the defense prime index are trading within 10% of their 52 week highs. EV / NTM EBITDA multiples in the sector also continued their ascent from 12.1x last quarter to 12.7x YTD. Over the last 48 months, multiples have increased by almost 50%, and the current 12.7x level marks a record high over the the same period. General Dynamics and Northrop Grumman, up 14.7% and 10.4% YTD, respectively, were among the top defense performers during the last three months (up 6.3% and 8.1% respectively). General Dynamics beat market expectations for Earnings per Share (“EPS”) by 16 cents and reported margin increases within its Gulfstream division. Northrop Grumman, along with the rest of the defense primes, experienced stock gains after the Trump Administration announced a ~\$110 billion arms deal with Saudi Arabia that could expand to up to \$350 billion over 10 years.

The government technology solutions index returned to growth in 2Q17 after a slower start in the first quarter. The sector posted a 4.3% gain, slightly outpacing the S&P 500's gain of 2.9%. Industry median valuations continue to hold near recent highs at 10.7x following a series of strong earnings reports, with a number of firms exceeding analyst expectations and subsequently raising guidance for current fiscal years. Companies indicated optimism from prior quarters continues to materialize into tangible results, including robust bookings driven by continued strength in the awards environment. CSRA, up 12.6% for the quarter, reported strong quarterly bookings, with a book-to-bill ratio of 1.1x, its ninth straight quarter with a ratio above 1.0x. CSRA also expects these figures to drive higher-than-expected organic growth during the remainder of the year. ManTech, up 21.5% in the quarter, also reported meaningful new awards and a book-to-bill ratio of 1.7x. That number was driven in part by two \$200 million contracts to provide business intelligence and enterprise IT services to U.S. Customs and Border Protection and the FBI, keeping the company on pace for a second straight year of revenue growth. Elsewhere in the sector, Vectrus recorded a 46.6% stock price gain as the company appears to be successfully executing strategic turnaround initiatives. Recent key contract extensions and vital recompete wins raised its backlog to \$2.8 billion, the highest it has been since the company was spun off from Exelis in 2014.



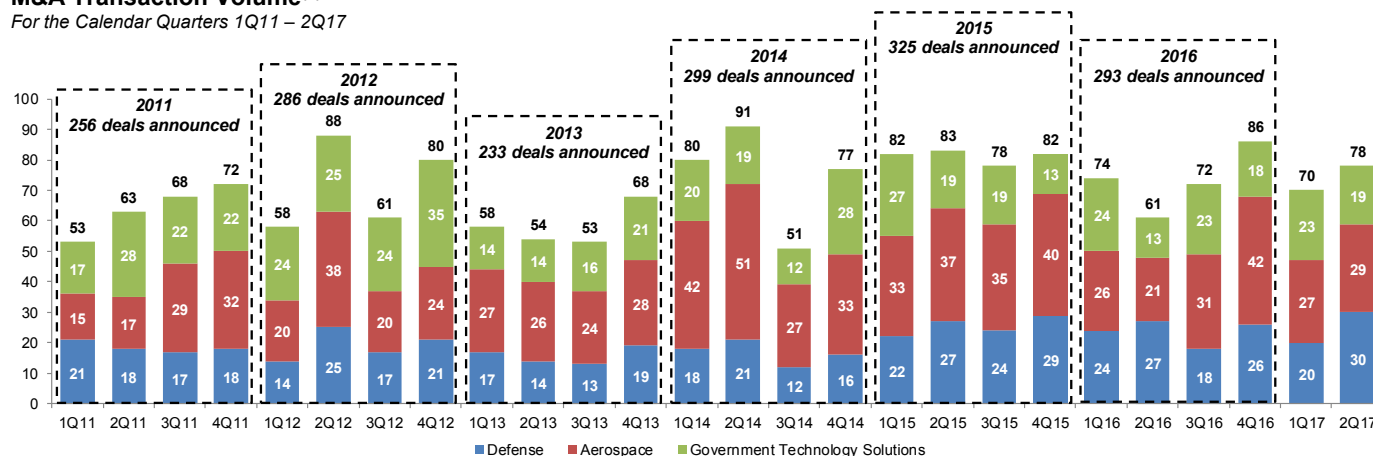
(1) UTC only includes Pratt & Whitney and UTAS segments; Honeywell only includes its aerospace segment
(2) S&P Capital IQ, company filings, and KippsDeSanto research

M&A Trends & Activity

A total of 78 deals were announced in the aerospace, defense, and government technology solutions sectors in 2Q17, bringing the YTD total to 148. Transaction volume is slightly ahead of 2016, which had 135 deals through the first half of the year. During 2Q17, 29 aerospace, 30 defense, and 19 government technology solutions transactions were announced, bringing YTD totals to 56, 50, and 42, respectively.

M&A Transaction Volume⁽¹⁾

For the Calendar Quarters 1Q11 – 2Q17



Activity in both aerospace and defense markets is up year-over-year (“YoY”) and quarter-over-quarter (“QoQ”). While 2Q17 lacked the headline industry-shaping transactions present in 1Q17, the quarter was marked by stronger overall deal volume, categorized by a handful of noteworthy mid-market transactions. In addition, financial sponsors remained active, representing 36% of 2Q17 transactions, echoing 2Q16 proportions, and slightly above the 30% mark set in 1Q17.

With 56 transactions YTD, aerospace deal volume remains below the highs reached in 2014 and 2015, but well above the mark of 47 deals set last year. 2Q17 was full of familiar names: Safran acquired ISEI, GE Aviation acquired OC Robotics, and Astronics acquired Custom Control Concepts. Additionally, TransDigm spent \$100 million to acquire three add-on aerospace product lines focused on highly engineered aerospace controls, quick disconnect couplings, and communication electronics. Lastly, Liberty Hall Capital Partners announced its \$135 million acquisition of Dunlop Aircraft Tyres, a global designer and manufacturer of aircraft tires, which broadens the private equity firm’s portfolio.

Defense M&A activity was robust in 2Q17, reaching 30 deals, and surpassing 4Q15 for the most active quarter since at least 2009. This figure was driven in large part by a number of defense electronics and sensors-related deals, including J.F. Lehman’s acquisition of BEI PSSC⁽²⁾ and Mercury’s acquisition of Delta Microwave. This increased activity highlights acquirers’ continued optimism for growing defense budgets and a renewed focus on national security. Notably, Belden announced its \$160 million (9.4x EV / EBITDA) acquisition of Thinklogical, a provider of data distribution and enterprise video management systems. The transaction bolsters Belden’s existing solutions by adding difficult-to-obtain intelligence and defense accreditations.

After a strong first quarter, M&A announcements in the government technology solutions market was slightly lower in 2Q17 with 19 transactions announced during the quarter. Deal activity through 1H17 (42) slightly outpaced 2H16 (41). Year-to-date, buyers continued to seek targets with Next-Generation (“Next-Gen”) IT capabilities including cloud, cyber, mobile, agile development, and digital services, representing nearly 40% of all deals announced. Notable recent transactions include Accenture’s acquisition of Phase One Consulting Group and ECS Federal’s purchase of InfoReliance Corporation⁽²⁾. Given the continued focus on capability-driven M&A, public buyers have been particularly selective in considering acquisition targets, seeking the most coveted assets and otherwise focusing on organic growth strategies. Scale has also remained an important target characteristic for the larger strategic buyers. Acquisitions by public companies comprised ~12% of the transactions thus far in 2017, including CSRA’s \$105 million purchase of NES Associates⁽²⁾, a provider of IT infrastructure, network operations, and data center and application-related services. This transaction, CSRA’s first since becoming an independent public company, represents a strategic acquisition by a public buyer aimed to strategically position for larger opportunities around Federal IT networks and serves as a foundation for implementation of Next-Gen IT capabilities. Anticipated favorable market conditions and positive organic growth momentum may position public buyers to increase M&A activity in the second half of 2017.

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

(2) KippsDeSanto & Co. served as the exclusive financial advisor to the seller in this transaction

Aerospace Update

Near-Term Future Aircraft Featured at Paris Air Show



Lockheed C-130J SOF
Options: 30-mm Gun and Hellfire Missiles
Missions: ISR, Armed Overwatch, and Vertical Lift



Textron Scorpion
Max Speed: 518 mph
Armament: 6 Hard Points, Precision, and Non-Precision Munitions

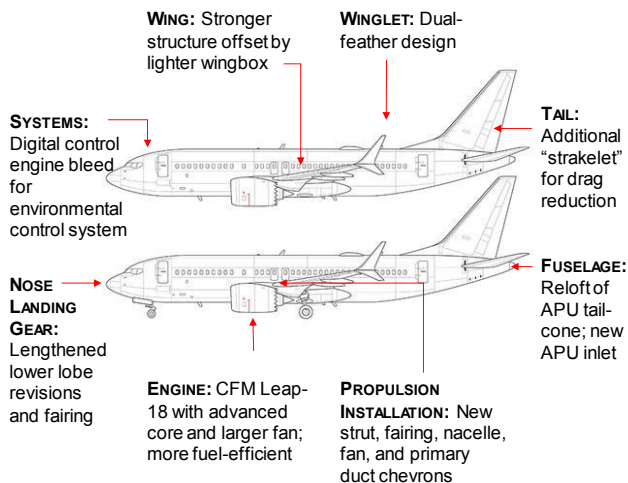


Airbus RACER
Cruise speed 250 mph
First flight target for 2020



Airbus X6
Carry up to 19 passengers
Fly By Wire Control

Boeing 737 Max Changes Relative to 737 Next Generation



Boeing Global Services Support Summary



NEW AIRCRAFT INTRODUCED AT PARIS AIR SHOW

The Paris Air Show offered a glimpse into the future of the aviation industry, with the introduction of four new aircraft. Lockheed Martin introduced a special operations variant for the C-130 called the C-130J-SOF that will now be available to U.S. Allies. The SOF variant can support a variety of missions, such as supply drops, close combat air support, as well as infiltration and exfiltration missions. Textron introduced its Scorpion jet as a low-cost light attack platform that can also be used for intelligence, surveillance, and reconnaissance. Finally, Airbus introduced the Rapid and Cost-Effective Rotorcraft ("RACER") helicopter that can hit speeds of up to 250 mph, which aims to be 50% faster than traditional rotorcraft, and the X6 helicopter aimed for oil and gas missions, search and rescue, VIP transportation, and other missions requiring heavy lifting.

BOEING SUCCESSFULLY FIELDS 737 MAX

Boeing's new 737 Max is quickly becoming the company's largest revenue driver. As the fourth generation of Boeing's single-aisle aircraft, the new jet is 14% more fuel efficient than the prior version, the 737 Next Generation. The biggest driver of this improvement is the aircraft's new Leap-1B engine, produced by CFM International, a joint venture between General Electric and Safran. The same engine caused a brief grounding of the 737 Max after concerns of manufacturing quality issues, which would eventually cause cracks in the turbine; however, the issue was resolved and the Federal Aviation Administration cleared the fleet for flight within a week. As a result, Boeing was able to deliver its first 737 Max to Malindo Air on time. Other carriers with orders include Norwegian Air Shuttle, Southwest Airlines, American Airlines, and most recently, Iran Aseman Airlines, who finalized a \$3 billion deal for 30 737 Max aircraft.

BOEING GLOBAL SERVICES OPENS FOR BUSINESS

Boeing Global Services ("BGS"), led by President and CEO Stan Deal, has officially opened for business to address a market that the company projects to be worth \$2.6 trillion over the next decade. Operating alongside Commercial Airplanes and Defense, Space & Security, the new unit will focus on the aftersales market for commercial and government customers worldwide. BGS will be the touch point for parts, modifications and upgrades, along with data analytics and information-based services. Boeing Chairman, President and CEO Dennis Muilenburg sees the data analytics and information-based services as a key focus area for the new unit. For example, the Airplane Health Management platform can gather data for an airline from the various aircraft sensors into actionable information for maintenance and repair. Aftersales services have traditionally been a higher margin business compared to platforms sale itself.

Defense Update

Spending Priorities in U.S. / Saudi Arms Deal Proposal⁽¹⁾



THAAD Batteries
\$13.5 billion
Delivery: 2023 - 2026



Air-to-Ground Munitions
\$6.5 billion
Delivery: N/A



3 KC-130Js & 20 C-130 Js
\$5.8 billion
Delivery: Begins 2020



Patriot Anti-Missile
\$6.7 billion
Work Scope: 2018 - 2027



4 Littoral Combat Ships
\$6.0 billion
Delivery: 2019 - 2022



C4I System & Integration
\$18.0 billion
Delivery: N/A

Breakdown of GFY2018 Defense Appropriations Bill⁽²⁾

(\$ in billions)

Category	GFY2018	% Increase over DoD GFY2018 Request
Military Personnel	\$133	-6%
O&M	192	2%
Procurement	133	16%
RDT&E	83	0%
OCO	74	20%
Title VI Other Defense	34	1%
Other	1	N/A
Total	\$650	

Recent U.S. / North Korea Events Timeline

<p>May 1: U.S. officials subsequently confirm North Korea's Terminal high Altitude Area Defense ("THAAD") system is deployed and operational</p>	<p>June 2: United Nations unanimously votes for new sanctions against North Korea's nuclear and missile program</p>	<p>July 4: North Korea launches intercontinental ballistic missile, flying 578 miles before landing in the sea</p>
<p>May 14: North Korea launches ballistic missile which lands 60 miles south of Russia</p>	<p>June 7: North Korea fires four anti-ship missiles; marks 10th 2017 missile test and 16 total missiles launched</p>	<p>July 4: The Trump administration confirms that the United States will use "the full range of capabilities at [its] disposal against the growing threat"</p>
<p>May 21: North Korea launches ground-to-ground ballistic missile</p>	<p>June 22: House Armed Services Committee proposes policy to counter North Korea and Russia; North Korea tests rocket engine that could be fitted on intercontinental ballistic missile</p>	<p>July 8: President Trump meets with Russian President Vladimir Putin and Chinese President Xi Jinping in Hamburg, Germany for G-20 summit</p>
MAY	JUNE	JULY

HIGHLIGHTS OF THE U.S. ARMS DEAL PROPOSAL WITH SAUDI ARABIA

President Trump recently approved a \$110 billion arms deal with Saudi Arabia in hopes of boosting the U.S. economy while simultaneously bolstering Saudi Arabia's combat ability against adversaries, such as Iran. Though the proposal is largely speculative and no formal contracts have been signed, memorandums of intent and letters of agreement requested by Saudi Arabia and supported by the Trump Administration are worth \$84.8 billion and \$12.5 billion, respectively. The arms proposal includes seven THAAD Missile Defense Batteries, more than 100,000 air-to-ground munitions, and billions of dollars for new aircraft. The proposal also focuses on space capabilities with two satellite systems estimated at \$4.0 billion. Upon announcement of the deal on May 20th, defense stocks rallied, with Lockheed Martin, General Dynamics, Raytheon, and Northrop Grumman stocks closing at all-time highs.

GFY2018 DEFENSE APPROPRIATIONS BILL

On June 29th, the House Appropriations Committee approved the GFY2018 Defense Appropriations Bill, allocating \$650 billion to the DoD Base / OCO funding, which represents a 10%, or \$58 billion, markup to the enacted GFY2017 defense budget. Base funding for operations and maintenance (\$192 billion), procurement (\$133 billion), and OCO (\$74 billion) will benefit the most from these changes, while military personnel (\$133 billion) will not experience significant growth from GFY2017 levels. The bill also includes \$29 billion of potential funding in National Defense Restoration Programs; however, these funds have yet to be populated, leaving the GFY2018 DoD Base / OCO budget at \$621 billion, or 5% growth at the very least. Nonetheless, the bill lays out a sizeable increase to the defense budget to help cover operations, readiness activities, and health programs for troops and military families.

HEIGHTENED TENSION WITH NORTH KOREA

In his opening statement to the House Armed Services Committee, Defense Secretary Jim Mattis declared that North Korea poses the greatest global danger to the U.S. This remark came only five months after Mattis identified Russia as a top threat. The heightened risk from North Korea surfaces as the country continues to ignore United Nations sanctions while pursuing nuclear and missile capabilities. Though U.S. officials have attempted to convince China to apply diplomatic and economic pressure on North Korea regarding its weapons programs, it is unclear whether North Korea will obey. In response to North Korea's resistance, President Trump has stated the U.S. will take action against North Korea independently if China does not intervene. Currently, the U.S. is focusing on missile-defense systems to counter the threat of ballistic missiles from North Korea, while also pursuing cyberwarfare, Navy weapons, and intelligence collection.

(1) Defense News
(2) McAleese and Associates

Government Technology Solutions Update

Government Technology Solutions Earnings⁽¹⁾

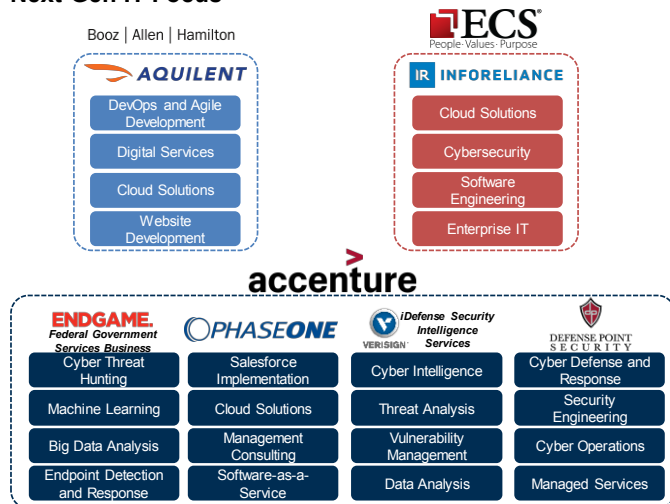
Government	EPS (Latest Quarter Releases)			EPS Growth YoY
	Est.	Actual	Beat / (Miss)	
Booz Allen Hamilton 4Q 17: 5/22/17	\$0.43	\$0.45	5.2%	9.8%
CACI 3Q 17: 5/4/17	\$1.47	\$1.61	9.5%	16.7%
ENGILITY 1Q 17: 5/4/17	\$0.39	\$0.55	40.0%	129.2%
ICF 1Q 17: 5/4/17	\$0.62	\$0.69	10.8%	15.0%
KEYW 1Q 17: 5/3/17	\$0.02	(\$0.05)	NM	NM
leidos 1Q 17: 5/4/17	\$0.79	\$0.88	11.1%	27.5%
ManTech 1Q 17: 5/3/17	\$0.34	\$0.39	13.4%	11.4%
nci 1Q 17: 5/9/17	\$0.21	\$0.25	16.8%	4.2%
SAIC 4Q 17: 6/12/17	\$1.04	\$1.08	3.9%	35.0%
VECTRUS 1Q 17: 5/9/17	\$0.46	\$0.60	30.4%	(1.6%)

Recent Private Equity Fundraising Efforts⁽¹⁾⁽²⁾

(\$ in millions)

Sponsor	Most Recent Fund	Date Closed	Fund Size	Recent Investments ⁽²⁾
VERITAS CAPITAL	Veritas Capital Fund VI	Feb. 2017	Target: \$3.0B Total Raised: \$3.6B 18% Above Target	HARRIS Government IT Services Business CBI Capital Services Business MIR3 Send Word Now
A/C/P	Arlington Capital Partners Fund IV	Aug. 2016	Target: \$575M Total Raised: \$700M 22% Above Target	EOIR Technologies PROTEUS TECHNOLOGIES ISS intelsys corporation
DC CAPITAL PARTNERS	D.C. Capital Partners Fund II	May 2017	Target: \$350M Total Raised: \$450M 28% Above Target	QRC QRC Computing Technologies, Inc.
ENLIGHTENMENT CAPITAL	Enlightenment Capital Solutions Fund II	Nov. 2016	Target: \$125M Total Raised: \$147M 18% Above Target	1901 group

Next-Gen IT Focus



SUPPORTIVE MACRO TAILWINDS LEAD TO STRONG QUARTERLY PERFORMANCE

The government technology solutions sector finished with a strong second quarter, with earnings beating estimates by 11.1% on average and YoY growth of 15.0%. Of note, Engility and CACI beat EPS estimates by 40% and 9.5%, respectively. Engility cited improving market conditions, represented by strong margins and a robust backlog driven by a book-to-bill ratio of 1.2x, the largest second quarter number the Company has recorded in more than five years. CACI attributed positive quarterly earnings to a strong awards environment, recording its fifth straight quarter with bookings in excess of \$1 billion, growing backlog to nearly \$12 billion. CACI also raised its revenue guidance to 14 – 16% top line growth for 2017, which the company believes is reflective of brisk proposal activity in addition to increasing demand for higher-end solutions.

FINANCIAL SPONSORS CONTINUE TO RELOAD AND DEPLOY NEW CAPITAL

With continued momentum in the government technology solutions sector, private equity firms are reaffirming their confidence in the market. Several Federally-focused financial sponsors, including Veritas Capital, Arlington Capital, DC Capital, and Enlightenment Capital, have recently closed new funds, many of which were oversubscribed as a result of significant investor interest. Financial sponsors have historically been active in this market and have already been involved with more than a third of all closed deals in 2017. With a refreshed capital base and robust support from investors, financial sponsors are expected to continue their active involvement in government technology solutions M&A through both platform investments and subsequent add-on acquisitions.

NEXT-GEN IT CAPABILITIES REMAIN AN AREA OF FOCUS FOR STRATEGIC BUYERS

Buyers in the technology solutions industry, particularly public companies, have been selective in using M&A to supplement future organic growth. Capability-driven acquisitions have continued to evolve in the market as many firms look to expand their high-end offerings with Next-Gen IT solutions. Mid-tier and large government contractors have been particularly active in this space, with Booz Allen Hamilton, ECS Federal, and Accenture all making significant next-gen investments within the past year. These acquisitions are part of these firms' efforts to significantly expand their ability to deliver high-end cybersecurity, agile development, and cloud computing solutions to their Federal customers. This increased demand for Federal Next-Gen IT targets is expected to remain high as buyers in the space continue to look for opportunities to add higher-end capabilities to their portfolio to catalyze growth.

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

(2) Deals announced in the past 18 months; includes platform investments as well as add-on acquisitions by portfolio companies

Public Company Trading Analysis ⁽¹⁾

(\$ in millions, except per share amounts)

<u>Defense Primes</u>	<u>Stock Price</u> 06/30/17	<u>% of 52</u> <u>Week High</u>	<u>Market</u> <u>Cap</u>	<u>Enterprise</u> <u>Value</u>	<u>Rev.</u>	<u>CY2017E</u> <u>EBITDA</u>	<u>Margin</u>	<u>Rev.</u>	<u>CY2018P</u> <u>EBITDA</u>	<u>Margin</u>	<u>EV / CY2017E</u> <u>Rev.</u>	<u>EBITDA</u>	<u>EV / CY2018P</u> <u>Rev.</u>	<u>EBITDA</u>
Boeing	\$197.75	96.8%	\$119,358	\$121,012	\$91,964	\$11,223	12.2%	\$93,667	\$11,453	12.2%	1.32x	10.8x	1.29x	10.6x
Lockheed Martin	277.61	97.4%	80,351	92,513	50,232	6,853	13.6%	51,956	7,341	14.1%	1.84x	13.5x	1.78x	12.6x
General Dynamics	198.10	96.6%	59,764	61,485	31,351	4,712	15.0%	33,024	4,923	14.9%	1.96x	13.0x	1.86x	12.5x
Raytheon	161.48	97.7%	47,002	50,103	25,168	3,877	15.4%	26,251	4,171	15.9%	1.99x	12.9x	1.91x	12.0x
Northrop Grumman	256.71	97.8%	44,815	50,472	25,287	3,757	14.9%	26,625	3,982	15.0%	2.00x	13.4x	1.90x	12.7x
BAE Systems	8.23	92.8%	26,182	28,228	25,303	2,977	11.8%	25,884	3,068	11.9%	1.12x	9.5x	1.09x	9.2x
Median		97.1%	\$53,383	\$55,978	\$28,327	\$4,295	14.2%	\$29,825	\$4,547	14.5%	1.90x	13.0x	1.82x	12.3x

<u>Defense Systems</u>	<u>Stock Price</u> 06/30/17	<u>% of 52</u> <u>Week High</u>	<u>Market</u> <u>Cap</u>	<u>Enterprise</u> <u>Value</u>	<u>Rev.</u>	<u>CY2017E</u> <u>EBITDA</u>	<u>Margin</u>	<u>Rev.</u>	<u>CY2018P</u> <u>EBITDA</u>	<u>Margin</u>	<u>EV / CY2017E</u> <u>Rev.</u>	<u>EBITDA</u>	<u>EV / CY2018P</u> <u>Rev.</u>	<u>EBITDA</u>
Safran	\$91.55	96.9%	\$38,058	\$40,434	\$18,660	\$3,632	19.5%	\$19,819	\$3,985	20.1%	2.17x	11.1x	2.04x	10.1x
Rockwell Collins	105.08	96.1%	17,063	18,997	7,600	1,808	23.8%	8,780	2,295	26.1%	2.50x	10.5x	2.16x	8.3x
L3 Technologies	167.08	92.8%	13,012	16,193	10,932	1,344	12.3%	11,290	1,426	12.6%	1.48x	12.1x	1.43x	11.4x
Huntington Ingalls Industries	186.16	84.4%	8,567	9,239	7,297	1,027	14.1%	7,415	1,073	14.5%	1.27x	9.0x	1.25x	8.6x
Orbital ATK, Inc.	98.36	93.6%	5,677	7,026	4,608	711	15.4%	4,807	743	15.4%	1.52x	9.9x	1.46x	9.5x
FLIR	34.66	89.0%	4,730	4,842	1,794	412	23.0%	1,886	448	23.7%	2.70x	11.8x	2.57x	10.8x
Cobham	1.68	72.9%	4,003	5,277	2,544	364	14.3%	2,589	397	15.3%	2.07x	14.5x	2.04x	13.3x
Kongsberg Gruppen	15.88	92.4%	1,905	2,130	1,763	183	10.4%	1,963	234	11.9%	1.21x	11.6x	1.09x	9.1x
Cubic	46.30	83.2%	1,255	1,519	1,525	120	7.9%	1,618	160	9.9%	1.00x	12.6x	0.94x	9.5x
AeroVironment	38.20	99.0%	889	690	302	33	10.9%	296	29	9.9%	2.28x	NM	2.33x	NM
Median		92.6%	\$5,203	\$6,151	\$3,576	\$561	14.2%	\$3,698	\$595	14.9%	1.80x	11.6x	1.75x	9.5x

<u>Defense Electronics / Comm.</u>	<u>Stock Price</u> 06/30/17	<u>% of 52</u> <u>Week High</u>	<u>Market</u> <u>Cap</u>	<u>Enterprise</u> <u>Value</u>	<u>Rev.</u>	<u>CY2017E</u> <u>EBITDA</u>	<u>Margin</u>	<u>Rev.</u>	<u>CY2018P</u> <u>EBITDA</u>	<u>Margin</u>	<u>EV / CY2017E</u> <u>Rev.</u>	<u>EBITDA</u>	<u>EV / CY2018P</u> <u>Rev.</u>	<u>EBITDA</u>
Harris	\$109.08	95.4%	\$13,298	\$17,209	\$5,931	\$1,424	24.0%	\$6,314	\$1,585	25.1%	2.90x	12.1x	2.73x	10.9x
Teledyne	127.65	93.2%	4,504	5,748	2,502	411	16.4%	2,601	457	17.6%	2.30x	14.0x	2.21x	12.6x
ViaSat	66.20	80.5%	3,815	4,537	1,624	310	19.1%	1,793	356	19.9%	2.79x	14.6x	2.53x	12.7x
Mercury Systems	42.09	97.5%	2,020	1,936	436	100	22.9%	484	118	24.4%	4.45x	19.4x	4.00x	16.4x
Ultra Electronics	26.60	91.2%	1,872	2,189	1,060	199	18.8%	1,116	211	18.9%	2.06x	11.0x	1.96x	10.4x
Kratos Defense & Security Solutions	11.87	96.2%	1,026	1,322	719	55	7.7%	761	72	9.5%	1.84x	24.0x	1.74x	18.3x
Comtech Telecommunications	18.97	95.8%	447	619	540	65	12.1%	NA	NA	NA	1.15x	9.5x	NA	NA
Median		95.4%	\$2,020	\$2,189	\$1,060	\$199	18.8%	\$1,454	\$283	19.4%	2.30x	14.0x	2.37x	12.7x

<u>Homeland Security</u>	<u>Stock Price</u> 06/30/17	<u>% of 52</u> <u>Week High</u>	<u>Market</u> <u>Cap</u>	<u>Enterprise</u> <u>Value</u>	<u>Rev.</u>	<u>CY2017E</u> <u>EBITDA</u>	<u>Margin</u>	<u>Rev.</u>	<u>CY2018P</u> <u>EBITDA</u>	<u>Margin</u>	<u>EV / CY2017E</u> <u>Rev.</u>	<u>EBITDA</u>	<u>EV / CY2018P</u> <u>Rev.</u>	<u>EBITDA</u>
Smiths Group	\$20.74	94.8%	\$8,202	\$9,018	\$4,379	\$878	20.0%	\$4,542	\$929	20.5%	2.06x	10.3x	1.99x	9.7x
MSA Safety Incorporated	81.17	95.7%	3,080	3,276	1,181	231	19.5%	1,259	263	20.9%	2.77x	14.2x	2.60x	12.5x
OSI Systems, Inc.	75.15	91.4%	1,404	1,581	977	172	17.6%	1,035	181	17.5%	1.62x	9.2x	1.53x	8.7x
American Outdoor Brands	22.16	71.0%	1,194	1,351	766	169	22.1%	892	206	23.0%	1.76x	8.0x	1.51x	6.6x
Median		93.1%	\$2,242	\$2,428	\$1,079	\$201	19.8%	\$1,147	\$234	20.7%	1.91x	9.7x	1.76x	9.2x

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

Public Company Trading Analysis, cont. ⁽¹⁾

(\$ in millions, except per share amounts)

<u>Aerospace Systems</u>	Stock Price 06/30/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
TransDigm	\$269.03	91.4%	\$13,787	\$23,937	\$3,607	\$1,755	48.6%	\$3,799	\$1,887	49.7%	6.64x	13.6x	6.30x	12.7x
Zodiac Aerospace	27.10	82.3%	7,565	8,973	5,899	454	7.7%	6,066	673	11.1%	1.52x	19.7x	1.48x	13.3x
HEICO	71.89	95.6%	5,452	6,091	1,539	371	24.1%	1,644	400	24.3%	3.96x	16.4x	3.71x	15.2x
Meggitt	6.19	93.4%	4,796	6,250	2,536	606	23.9%	2,536	606	23.9%	2.46x	10.3x	2.46x	10.3x
Esterline	94.90	92.4%	2,802	3,337	2,052	333	16.3%	2,098	345	16.5%	1.63x	10.0x	1.59x	9.7x
Triumph Group	31.60	79.2%	1,538	2,665	3,294	428	13.0%	3,176	464	14.6%	0.81x	6.2x	0.84x	5.7x
AAR	34.76	89.7%	1,146	1,279	1,870	145	7.7%	2,018	184	9.1%	0.68x	8.8x	0.63x	6.9x
Astronics	30.47	74.3%	878	1,009	655	107	16.4%	700	122	17.4%	1.54x	9.4x	1.44x	8.3x
Median		90.5%	\$3,799	\$4,714	\$2,294	\$400	16.3%	\$2,317	\$432	16.9%	1.58x	10.2x	1.53x	10.0x

<u>Aerospace Structures</u>	Stock Price 06/30/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Spirit AeroSystems	\$57.98	92.2%	\$6,908	\$7,327	\$6,875	\$1,085	15.8%	\$7,043	\$1,109	15.7%	1.07x	6.8x	1.04x	6.6x
Hexcel	52.79	94.4%	4,754	5,513	2,036	479	23.5%	2,244	536	23.9%	2.71x	11.5x	2.46x	10.3x
Senior	3.05	95.8%	1,273	1,517	1,258	154	12.3%	1,327	170	12.8%	1.21x	9.8x	1.14x	8.9x
Median		94.4%	\$3,014	\$3,515	\$1,647	\$317	14.0%	\$1,785	\$536	14.3%	1.14x	8.5x	1.09x	7.8x

<u>Government Technology Solutions</u>	Stock Price 06/30/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Leidos Holdings	\$51.74	91.3%	\$7,772	\$10,849	\$10,306	\$1,028	10.0%	\$10,597	\$1,085	10.2%	1.05x	10.6x	1.02x	10.0x
CSRA Inc.	31.78	94.8%	5,190	7,892	5,049	794	15.7%	5,296	832	15.7%	1.56x	9.9x	1.49x	9.5x
Booz Allen Hamilton	32.56	82.1%	4,799	6,245	6,125	581	9.5%	6,438	619	9.6%	1.02x	10.7x	0.97x	10.1x
Science Applications International Corp.	69.47	77.3%	3,018	3,851	4,379	325	7.4%	4,541	357	7.9%	0.88x	11.9x	0.85x	10.8x
CACI International	125.10	92.4%	3,046	4,277	4,357	372	8.5%	4,536	408	9.0%	0.98x	11.5x	0.94x	10.5x
ManTech International	41.41	91.0%	1,529	1,438	1,677	127	7.6%	1,739	133	7.6%	0.86x	11.3x	0.83x	10.8x
Engility Holdings	28.40	72.5%	1,029	2,053	2,012	182	9.1%	2,059	188	9.1%	1.02x	11.3x	1.00x	10.9x
ICF International	47.05	79.0%	879	1,147	1,222	117	9.6%	1,263	125	9.9%	0.94x	9.8x	0.91x	9.1x
VSE Corporation	44.98	98.6%	492	729	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
KEYW	9.35	68.9%	455	470	461	47	10.1%	551	61	11.1%	1.02x	NM	0.85x	7.7x
Vectrus, Inc.	32.34	92.5%	355	382	1,070	38	3.6%	1,110	40	3.6%	0.36x	10.1x	0.34x	9.6x
NCI	21.10	98.6%	285	285	332	30	9.2%	345	32	9.3%	0.86x	9.4x	0.82x	8.8x
Median		91.1%	\$1,279	\$1,745	\$2,012	\$182	9.2%	\$2,059	\$188	9.3%	0.98x	10.6x	0.91x	10.0x

<u>Engineering & Construction</u>	Stock Price 06/30/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Jacobs Engineering	\$54.42	85.8%	\$6,450	\$6,173	\$10,130	\$680	6.7%	\$10,834	\$728	6.7%	0.61x	9.1x	0.57x	8.5x
Babcock International	11.44	79.2%	5,776	7,511	6,341	861	13.6%	7,318	930	12.7%	1.18x	8.7x	1.03x	8.1x
AECOM	32.37	79.5%	4,988	8,650	18,003	958	5.3%	18,940	1,154	6.1%	0.48x	9.0x	0.46x	7.5x
Tetra Tech	45.70	95.7%	2,612	2,786	2,128	253	11.9%	2,223	271	12.2%	1.31x	11.0x	1.25x	10.3x
Median		82.6%	\$5,382	\$6,842	\$8,236	\$771	9.3%	\$9,076	\$829	9.4%	0.90x	9.1x	0.80x	8.3x

Select Recent Aerospace / Defense M&A⁽¹⁾

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA		EV / LTM	
						EBITDA	Margin	Rev.	EBITDA
06/29/17	Hensoldt Sensors GmbH	Kelvin Hughes Ltd.	Provides security and maritime radar solutions	NA	NA	NA	NA	NA	NA
06/27/17	Spell Capital Partners, LLC	Jet Edge, Inc.	Provides ultra-high pressure waterjet technology	NA	NA	NA	NA	NA	NA
06/27/17	AMS Technologies AG	Elforlight Ltd.	Provides diode pumped solid state lasers and optical parametric oscillators	NA	NA	NA	NA	NA	NA
06/27/17	Kellstrom Aerospace	Vortex Aviation, Inc.	Provides on-wing engine maintenance services and quick-turn engine repairs across all major commercial aircraft engine platforms	NA	NA	NA	NA	NA	NA
06/26/17	Trelleborg AB	Automated Dynamics	Provides composite parts in a wide variety of shapes and sizes, including cylinders, cones, box beams, I-beams, coils, flat laminates, and complex geometries	NA	NA	NA	NA	NA	NA
06/22/17	Safran S.A.	ISEI	Provides flight data acquisition systems and associated services for helicopters and light airplanes	NA	NA	NA	NA	NA	NA
06/21/17	The MEL Group	Oldbury Engineering Co. Ltd	Provides and repairs aircraft ground support equipment	NA	NA	NA	NA	NA	NA
06/20/17	Novaria Group	Space-Lok, Inc.	Provides high quality fasteners and multiple component mechanisms	NA	NA	NA	NA	NA	NA
06/20/17	HEICO Corp.	Carbon by Design LP	Provides composite components for unmanned aerial vehicles ("UAV"), rockets, spacecraft, and other specialized applications	NA	NA	NA	NA	NA	NA
06/19/17	Down Range Solutions Group	U.S. Optics, Inc.	Provides rifle scopes for hunting, sporting, military, and law enforcement applications	NA	NA	NA	NA	NA	NA
06/19/17	Kaneka Americas Holding, Inc.	Applied Pleramic Incorporated	Provides high performance composites to OEMs and their subcontractors	\$15.0	NA	NA	NA	NA	NA
06/19/17	IPG Photonics Corp.	Innovative Laser Technologies, Inc.	Provides custom laser workstations used to produce high-value, mission-critical components for numerous industries, including defense, energy, and aerospace	40.0	NA	NA	NA	NA	NA
06/15/17	Liberty Hall Capital Partners	Dunlop Aircraft Tyres Ltd.	Provides, designs, manufactures, and retreads aircraft tires	135.0	NA	NA	NA	NA	NA
06/14/17	Epec, LLC	Putnam RF Filters, Inc.	Provides printed circuit board based radio frequency ("RF") filters, duplexers, and other custom products	NA	NA	NA	NA	NA	NA
06/13/17	Fincantieri - Cantieri Navali Italiani S.p.A.	Isselhorn SRL	Provides logistic support engineering and maintenance activities related to orders in the naval sector	NA	NA	NA	NA	NA	NA
06/13/17	GE Aviation	OC Robotics Ltd.	Provides snake-arm robots and software for confined and hazardous environments	NA	NA	NA	NA	NA	NA
06/13/17	Compunetix, Inc.	Circuits, LLC	Provides built-to-spec flexible printed circuit boards for the aerospace and defense markets	NA	NA	NA	NA	NA	NA
06/12/17	Nammo A/S	Moog, Inc.'s European Space Propulsion Businesses	Provides liquid rocket engines, thrusters, valves, and components for satellites	NA	NA	NA	NA	NA	NA
06/09/17	SoftBank Group Corp.	Boston Dynamics, Inc. and Schaft, Inc.	Provides dynamic robots and software for human simulation and bipedal robotics research, respectively	NA	NA	NA	NA	NA	NA
06/06/17	P4G Capital Management, LLC	Fore Machine Company, Inc.	Provides high precision machining as well as coating / bonding, metal processing, and assembly for manufacturers in the aerospace and defense sectors	NA	NA	NA	NA	NA	NA
06/06/17	P4G Capital Management, LLC	Aero Components, Inc.	Provides bonding, coating / bonding, metal processing, and assembly for manufacturers in the aerospace and defense sectors	NA	NA	NA	NA	NA	NA
06/06/17	Elite Aerospace Group, Inc.	HALO Industries, Inc.	Provides precision machining and engineering services that support the aerospace, defense, orbital rocket, and communication sectors	NA	NA	NA	NA	NA	NA
06/05/17	Royal Adhesives & Sealants LLC	Ball Ground, Georgia Business	Provides pre-mixed and frozen aircraft sealants and other unique packaging and application kits to aircraft manufacturers	NA	NA	NA	NA	NA	NA
06/01/17	TransDigm Group, Inc.	Three Add-On Aerospace Product Lines	Provide proprietary, sole source products with significant aftermarket content	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 Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM	
								Rev.	EBITDA
06/01/17	OSI Systems, Inc.	Explosive Trace Detection Business from Smiths Group plc	Provides explosives trace detection systems used by airports and the military	\$75.5	NA	NA	NA	NA	NA
06/01/17	EnPro Industries, Inc.	Qualiseal Technology	Provides custom-engineered mechanical face and circumferential seals for demanding aerospace and industrial applications	NA	NA	NA	NA	NA	NA
06/01/17	Hexcel Corp.	Strucil S.A.	Provides high-performance composites to the aerospace, defense, and industrial markets	NA	\$21.0 ⁽²⁾	NA	NA	NA	NA
06/01/17	Applied Research Associates, Inc.	BerrieHill Research Corp.	Provides electromagnetic modeling / simulation, design, analysis, and fabrication for the U.S. Air Force and intelligence agencies	NA	NA	NA	NA	NA	NA
05/30/17	Polish Armaments Group (Polska Grupa Zbrojeniowa - PGZ)	Naval Shipyard SA - Stocznia Marynarki Wojennej SA	Provides repairs, conversions, modernizations, and maintenances of naval vessels for the Polish Navy	60.1	NA	NA	NA	NA	NA
05/22/17	L3 Technologies, Inc.	Open Water Power, Inc.	Provides safe and high-energy-density undersea power generation technologies used by Unmanned Undersea Vehicles ("UUV") and other maritime platforms	NA	NA	NA	NA	NA	NA
05/18/17	Boyd Corp.	Aavid Thermalloy, LLC	Provides a broad range of technologically advanced thermal management solutions	NA	NA	NA	NA	NA	NA
05/16/17	CTS Corp.	Noliac A/S	Provides tape cast and bulk piezoelectric components, sensors, and transducers	NA	NA	NA	NA	NA	NA
05/12/17	Hensoldt Sensors GmbH	EuroAvionics GmbH	Provides civil certified avionics equipment that provides interfaces to a wide range of third-party avionics and sensors	NA	22.0	NA	NA	NA	NA
05/12/17	TT Electronics plc	Cletronics, Inc.	Provides transformers, inductors, chokes, deflection coils, stators, toroidal coils, air coils, and other specialty coils	1.2	NA	NA	NA	NA	NA
05/11/17	Luminator Technology Group, LLC	Apollo Video Technology, LLC	Provides mobile video surveillance and fleet and information management solutions for law enforcement, military, and government applications	NA	NA	NA	NA	NA	NA
05/05/17	J.F. Lehman & Co.	BEI Precision Systems & Space Co. ⁽³⁾	Provides precision positioning sensor technologies, which it delivers through advanced design, manufacturing, and testing for space, defense, and critical infrastructure applications	NA	NA	NA	NA	NA	NA
05/04/17	Belden Inc.	Thinklogical, Inc.	Provides data distribution systems and real time enterprise video management solutions across the military and other end markets	160.0	51.2	\$17.0	33.2%	3.13x	9.4x
05/03/17	Digital Power Corp.	Microphase Corp.	Provides standard and customized state-of-the-art RF, microwave, and millimeter-wave components, devices, subsystems, and integrated modules	6.6	5.7	NMF	NA	1.15x	NA
05/03/17	Applied Research Associates, Inc.	Neya Systems, LLC	Provides unmanned systems for defense, homeland security, and commercial users	NA	NA	NA	NA	NA	NA
05/02/17	Atlantic Street Capital	GAT Airline Ground Support, Inc.	Provides outsourced airline services at airports across the U.S.	NA	NA	NA	NA	NA	NA
05/02/17	Trescal S.A.	AcuCal, Inc.	Provides calibration services for the aerospace and defense sectors	NA	5.3	NA	NA	NA	NA
05/02/17	Infinite Electronics, Inc.	Smiths Interconnect Microwave Companies	Provides microwave antennas, surge suppression and power quality solutions, and RF lightning protection and grounding solutions	NA	NA	NA	NA	NA	NA
05/02/17	Harlow Aerostructures, LLC	Aerospace Holdings	Provides aerospace components and assemblies, servicing military and civilian fixed wing and helicopter markets for over 30 years	NA	NA	NA	NA	NA	NA
05/01/17	Charlesbank Capital Partners	Tecomet, Inc.	Provides contract manufacturing of orthopedic implants, as well as critical components for the cardiovascular, medical imaging, and aerospace markets	NA	NA	NA	NA	NA	NA
05/01/17	Point Blank Enterprises, Inc.	Gould & Goodrich, Inc.	Provides leather, ballistic nylon, and synthetic duty belts, holsters, and accessories	NA	NA	NA	NA	NA	NA
04/24/17	Dubai Aerospace Enterprise	AWAS	Provides commercial aircraft leasing services and competitive aviation finance solutions to airlines worldwide	NA	NA	NA	NA	NA	NA
04/21/17	Gavial Holdings, Inc.	International Transducer Corp.	Provides acoustic transducers for ship and submarine sonar, oceanographic survey, seismic exploration, marine life research, medical devices, and industrial proximity sensing	NA	NA	NA	NA	NA	NA
04/19/17	Element Materials Technology Group	Exova Group plc	Provides laboratory-based testing, calibration, and related services for sectors such as aerospace, pharmaceuticals, engineering, and construction	987.6	405.7	77.4	19.1%	2.43x	12.8x

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

(2) 2016 Revenue

(3) KippsDeSanto & Co. served as exclusive financial advisor

Select Recent Government Technology Solutions M&A⁽¹⁾

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM	
								Rev.	EBITDA
06/30/17	National Technologies Associates, Inc.	V1 Analytical Solutions	Provides intelligence & information solutions, special activity support, and specialized training for defense, intelligence, and other government customers	NA	NA	NA	NA	NA	NA
06/26/17	Constellis Holdings, LLC	American K9 Detection Services, LLC	Provides operational support and risk management services as well as contract working dog teams to protect federal facilities, personnel, and assets	NA	NA	NA	NA	NA	NA
06/13/17	Red River Computer Co., Inc.	Natoma Technologies, Inc.	Provides consulting and systems integration services and solutions, primarily specializing in software and application development	NA	NA	NA	NA	NA	NA
06/13/17	Z Systems Corporation	Logistics Support, Incorporated	Provides management consulting, logistics and supply chain management, and professional services, primarily to defense clients	NA	NA	NA	NA	NA	NA
06/07/17	Accenture Federal Services	Phase One Consulting Group, Inc.	Provides modernization and digital transformation solutions, delivering high-impact Salesforce and other secure cloud solutions to cabinet departments and Federal agencies	NA	NA	NA	NA	NA	NA
06/07/17	Valiant Integrated Services	ABM Government Services LLC	Provides linguistic and translation services, healthcare facility services, and infrastructure backbone solutions to Federal Government customers	\$35.5	NA	NA	NA	NA	NA
06/05/17	Emergency Communications Network, LLC	SWN Communications	Provides critical communications solutions through its web-based emergency notification, enterprise collaboration, and mobile application solutions used by government agencies	NA	NA	NA	NA	NA	NA
05/31/17	Constellis Holdings, LLC	Terra Firma Risk Management, Crisis Response Team	Provides expertise and support in the areas of cyber extortion, extortion, kidnap, hostage-taking, piracy, and emergency evacuations	NA	NA	NA	NA	NA	NA
05/24/17	CSRA Inc.	NES Associates LLC ⁽²⁾	Provides IT infrastructure, network operations, data center and application-related services primarily to defense agencies	105.0	NA	NA	NA	NA	NA
05/18/17	Apax Partners	Keystone Peer Review Organization, Inc.	Provides care coordination and quality assurance services primarily for federal healthcare payers	NA	NA	NA	NA	NA	NA
05/16/17	Sagewind Capital LLC	By Light Professional IT Services LLC	Provides comprehensive systems engineering and management expertise for the design and implementation of both classified and unclassified government networks	NA	NA	NA	NA	NA	NA
04/28/17	Cole Engineering Services, Inc.	StackFrame, LLC's Defense Products and Services Division	Provides terrain generation, scenario execution, and after-action review tools and services to the defense modeling, simulation, and gaming sector	NA	NA	NA	NA	NA	NA
04/18/17	ECS Federal, LLC	InfoReliance Corporation ⁽²⁾	Provides cloud computing, cybersecurity, enterprise IT, and software engineering services and solutions to DoD, Civilian, and commercial customers	NA	NA	NA	NA	NA	NA
04/11/17	Buchanan & Edwards, Inc.	The Reports and Requirements Company, LLC	Provides national security-focused consulting services to the public sector, delivering solutions to the IC and national security focused customers	NA	NA	NA	NA	NA	NA
04/10/17	Oasis Systems, LLC	Human Solutions Incorporated	Provides full lifecycle strategic consulting in systems engineering, enterprise architecture, human factors, user interface design, organizational development, safety, and ISO certification	NA	NA	NA	NA	NA	NA
04/06/17	Belcan, LLC	Schafer Corporation	Provides scientific, engineering, and technical services to military, intelligence, and civilian customers in the Federal Government	NA	NA	NA	NA	NA	NA
04/03/17	AASKI Technology, Inc.	ConnectSolutions, Inc.	Provides trusted private cloud managed services to business and government agencies	NA	NA	NA	NA	NA	NA
04/03/17	PAE Inc.	FCI Federal, Inc.	Provides a wide range of managed professional, administrative, and technical services to federal agencies, including management support, records management, and fraud detection	NA	NA	NA	NA	NA	NA
03/27/17	Deloitte Consulting LLP	Day1 Solutions LLC	Provides managed services and is a value-added reseller of cloud-based technology	NA	NA	NA	NA	NA	NA
03/16/17	VISTA Technology Services, Inc.	General Scientific Corporation	Provides engineering, technical, and management services for federal and commercial customers	NA	NA	NA	NA	NA	NA
03/15/17	Timothy Cooke	ASI Government, Inc.	Provides consulting and advisory services for acquisition policy and strategy, category management, cost-price analysis, capital planning, IT, governance, and process improvement	NA	NA	NA	NA	NA	NA
03/13/17	Constellis Holdings, LLC	Centerra Group, LLC	Provides security and fire support services for federal and commercial customers, including nuclear security protection, base operations and support, and facilities and fleet management	NA	NA	NA	NA	NA	NA
03/08/17	KeyW Corporation	Sotera Defense Solutions, Inc.	Provides technology-based systems, solutions, and services for national security agencies and programs of the Federal Government	235.0 ⁽³⁾	\$225.0	\$20.0	8.9%	1.04x	11.8x
02/28/17	Veritas Capital	Capital Services business of CB&I	Provides comprehensive and integrated maintenance services, environmental engineering and remediation, program management, and disaster response and recovery services	755.0	NA	NA	NA	NA	NA

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

(2) KippsDesanto & Co. served as exclusive financial advisor

(3) Inclusive of \$46 million in tax benefits

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:

Robert D. Kipps

Managing Director

bkipp@kippsdesanto.com

Michael J. Misantone

Managing Director

mmisantone@kippsdesanto.com

Marc B. Marlin

Managing Director

mmarlin@kippsdesanto.com

Toby Albright

Director

talbright@kippsdesanto.com

Robert G. Dowling

Vice President

rdowling@kippsdesanto.com

Stephen M. Jonas

Associate

sjonas@kippsdesanto.com

Salman J. Husain

Associate

shusain@kippsdesanto.com

Kevin P. DeSanto

Managing Director

kdesanto@kippsdesanto.com

Karl M. Schmidt

Managing Director

kschmidt@kippsdesanto.com

Jon Yim

Director

jyim@kippsdesanto.com

Kate W. Troendle

Director

ktroendle@kippsdesanto.com

Brian T. Tunney

Vice President

btunney@kippsdesanto.com

Alexia N. Marchetta

Associate

amarchetta@kippsdesanto.com

Connect with KippsDeSanto:



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KippsDeSanto 
INVESTMENT BANKING

8000 Towers Crescent Drive
Suite 1200
Tysons Corner, Virginia 22182
703.442.1400
www.kippsdesanto.com