

MarketView

Winter 2018

Aerospace / Defense and Government Technology Solutions



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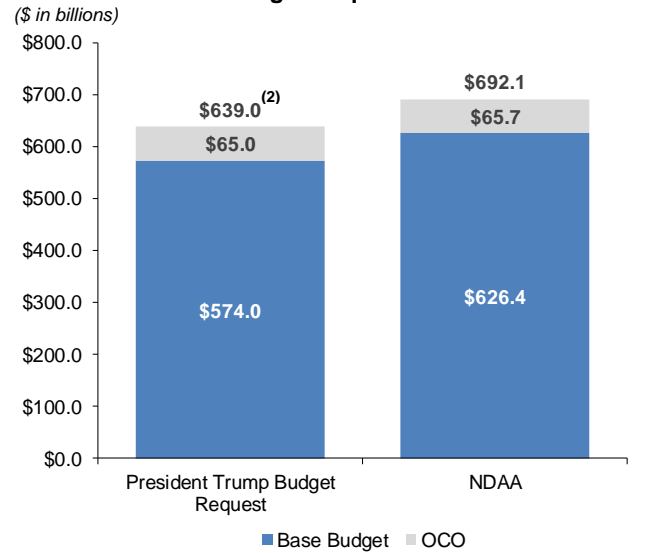
Select Recent KippsDeSanto & Co. Advised Transactions

 <p><i>has been acquired by</i></p>  <p>January 2018</p>	 <p><i>has agreed to be acquired by</i></p>  <p>December 2017</p>	 <p><i>has been acquired by</i></p>  <p><i>a portfolio company of</i></p>  <p>November 2017</p>
 <p><i>a portfolio company of</i></p>  <p><i>has been acquired by</i></p>  <p>October 2017</p>	 <p><i>has agreed to be acquired by</i></p>  <p>October 2017</p>	 <p><i>has merged with</i></p>  <p>October 2017</p>
 <p><i>has been acquired by</i></p>  <p>September 2017</p>	 <p><i>has been acquired by</i></p>  <p>July 2017</p>	 <p><i>Precision Systems & Space Company, Inc. a subsidiary of</i></p>  <p><i>a portfolio company of</i></p>  <p><i>has been acquired by</i></p>  <p><i>J.F. Lehman & Company</i></p> <p>April 2017</p>
 <p><i>has been acquired by</i></p>  <p>April 2017</p>	 <p><i>has been acquired by</i></p>  <p><i>a portfolio company of</i></p>  <p>March 2017</p>	 <p><i>a portfolio company of</i></p>  <p><i>has been acquired by</i></p>  <p><i>a portfolio company of</i></p>  <p>February 2017</p>

Operational / Funding Environment

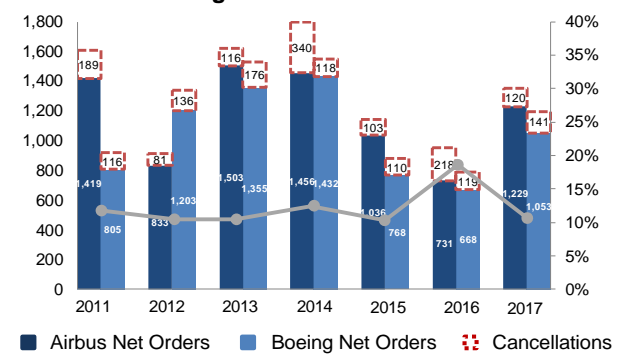
After negotiating a continuing resolution (“CR”) through December 8th, Congress continued to face challenges to gain bipartisan support for the government fiscal year (“GFY”) 2018 budget, forcing the enactment of a second, short-term CR through December 22nd and a third, short-term CR through January 19th to avoid shutdown. Prior to the signing of the second short-term CR, Congress passed the National Defense Authorization Act (“NDAA”), a \$692.1 billion defense bill for GFY2018, which includes \$626.4 billion for the base budget and \$65.7 billion for Overseas Contingency Operations (“OCO”), which President Trump signed into law on December 12th. The NDAA marks the largest defense spending bill in the history of the United States with expected funding increasing ~16% over GFY2017. The NDAA would push defense spending well beyond caps set in the Budget Control Act (“BCA”) of 2011, which would need to be modified in order to pass a budget with defense spending at this level. While Republicans believe that defense spending is the only lever that should be pulled for modifying the BCA, citing the North Korean threat, Democratic leaders are demanding a dollar-for-dollar increase for non-defense spending. The elevated global threat environment and imminent near-term threat of North Korea has led to a sense of urgency within Congress and a consensus across appropriations committees that have all supported and recommended higher defense spending levels. Appropriation committees believe there will be a BCA-compromise with the DoD receiving at least a full 10% increase in spending, which would include a \$50 billion 2018 DoD base budget increase. Narrowing between the NDAA and the smaller approved appropriation bills, a compromise will ensure the U.S. military is well positioned globally for near-term threats. As of Congress’ return from its holiday recess on January 3rd, it only has 16 days before its next budget deadline.

GFY2018 Defense Budget Requests⁽¹⁾



Despite a slow 3Q17, the aerospace sector rebounded and concluded the year with strong performance, highlighted by record-setting order activity at the Dubai Airshow in November by both Airbus and Boeing. Airbus announced its biggest aircraft order ever for 430 A320neo planes (worth ~\$49.5 billion), while Boeing announced the largest-ever single-aisle aircraft order from a Middle East carrier, flydubai, for 225 737 MAX planes (worth ~\$27 billion). Despite low order activity in 1H17, Airbus surpassed Boeing in total commercial aircraft orders during 2017 and recorded 910 orders in 4Q17, bringing its total order count to 1,229, an increase of ~30% year-over-year (“YoY”). Boeing showed relatively consistent order activity throughout the year, bringing its total order count to 1,053, an increase of ~24% YoY.

Airbus and Boeing Net Orders and Cancellations⁽³⁾



The Trump administration has delivered on its promises for tax reform and a more focused government technology modernization program. The tax bill was approved and finalized by the House on December 20th following the Senate’s approval the day before. The new tax bill, which is to take effect in 2018, features a 21% corporate income tax rate and a top individual income tax rate of 37%. To incentivize multinational corporations to bring cash back to America, the bill also lowered the repatriation tax to 15.5% on cash and 8% on illiquid assets. Tax reform, which is going to provide corporations with increased after-tax cash flow, is expected to provide enhanced purchasing power. However, the impact to valuations will depend on a variety of factors, including the type of selling corporation and the value of tax benefits, among others. Separately, the Modernizing Government Technology Act (“MGTA”), which was codified when President Trump signed the NDAA on December 12th, authorized \$500 million of IT modernization funding for agencies to transition legacy systems into more modern solutions. In particular, the MGTA should increase spending for solutions across cloud, shared services, and defensive cyber technologies.



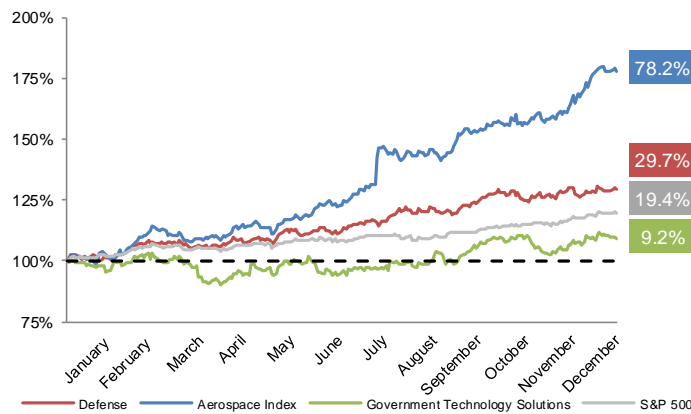
(1) Source: Wall Street research
 (2) Does not include ~\$28 billion for defense-related spending by the Energy and Justice departments
 (3) Company website disclosures through 2017

Capital Markets and Public Market Valuation Trends

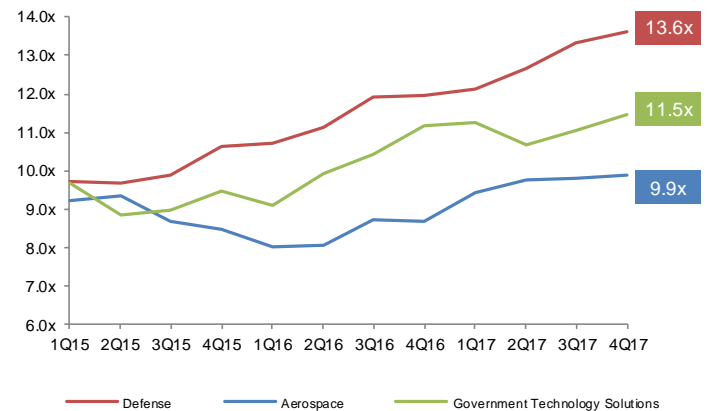
The aerospace index experienced its strongest growth in more than five years during 2017, ending the year up 78.2% (up 16.5% for the quarter), compared to a 19.4% increase in the S&P 500 for the year (up 6.1% for the quarter). Boeing was the primary contributor to the index's growth, with a stock price increase of 89.4% for the year and 16.0% for the quarter. During the year, Boeing raised cashflow / earnings guidance, partly in response to related strong defense budget growth and robust macro trends in commercial aviation. In addition to Boeing's performance, Bombardier's shares rose 50.2% throughout the year (up 33.6% for the quarter), fueled in part by the sale of 50.01% of its C-Series program to Airbus in a joint venture ("JV"). The C-Series provides Airbus with a new product line without incurring research and development costs. The JV will support the bottom-end of Airbus' narrowbody aircraft portfolio, while expanding Bombardier's distribution network. Overall, median enterprise value ("EV") / next twelve months ("NTM") EBITDA for the index increased to 9.9x during 4Q17 and is up from 8.7x YoY, as growth expectations continue to rise for the sector.

Relative Stock Price Performance⁽¹⁾

For the Year Ended December 31, 2017



Median Quarterly EV / NTM EBITDA Multiples⁽¹⁾



The defense prime index rose 29.7% for the year (up 4.3% for the quarter), while defense primes' EV / NTM EBITDA multiples continued on its three year growth trend, expanding to 13.6x in 4Q17. Northrop Grumman was up 32.0% for the year and 6.7% over the quarter, making it among the top defense performers for the year. In September, Northrop announced its intent to acquire Orbital ATK for \$134.5 / share (a 22% share premium); even with the share price premium, analysts have reacted positively, characterizing the transaction as a reasonably priced deal at 12.0x 2018E EBITDA that strengthens Northrop's ability to compete in satellites, launchers, and missile defense. While the defense prime index performed well over the year, BAE underperformed relative to its peers, up only 6.0% for the year (down 8.5% for the quarter). Negative news concerning a 2.5% reduction in the global head count (1,925 total jobs) after a lack of orders for its Typhoon Eurofighter has caused concerns around the company's growth potential in 2018.

The government technology solutions index ended the quarter up 3.4%, marking the third straight quarter in which the index has posted positive returns. Building off this momentum, the sector ended the year up 9.2%. Investor optimism remains strong, demonstrated by an EV / NTM EBITDA multiple of 11.5x, slightly higher than at the end of the third quarter (11.1x). ManTech was up 13.6% in the quarter and 18.8% for the year, in part due to a successful strategy of enhancing capabilities around Next-Generation IT ("NGIT") and national security. The company noted that its mid-2016 acquisition of Oceans' Edge cyber business has exceeded growth expectations. ManTech also received \$400 million in new awards from Intelligence Community ("IC") customers, the majority of which were for cyber operations solutions. SAIC, up 14.5% in the quarter (down 9.7% for the year), has experienced similar success, growing total and funded backlog by 16% and 45%, respectively (which has led to an all-time high book-to-bill ratio of 2.3x). The recent passage of the MGTA, along with federal priorities in national security and defense, create significant tailwinds for the industry heading into 2018, as contractors expect further growth in contract awards. This is helping to fuel continued strong equity performance, as the index grew more than 15% in the second half of the year and outpaced the S&P 500 by nearly 5%.



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

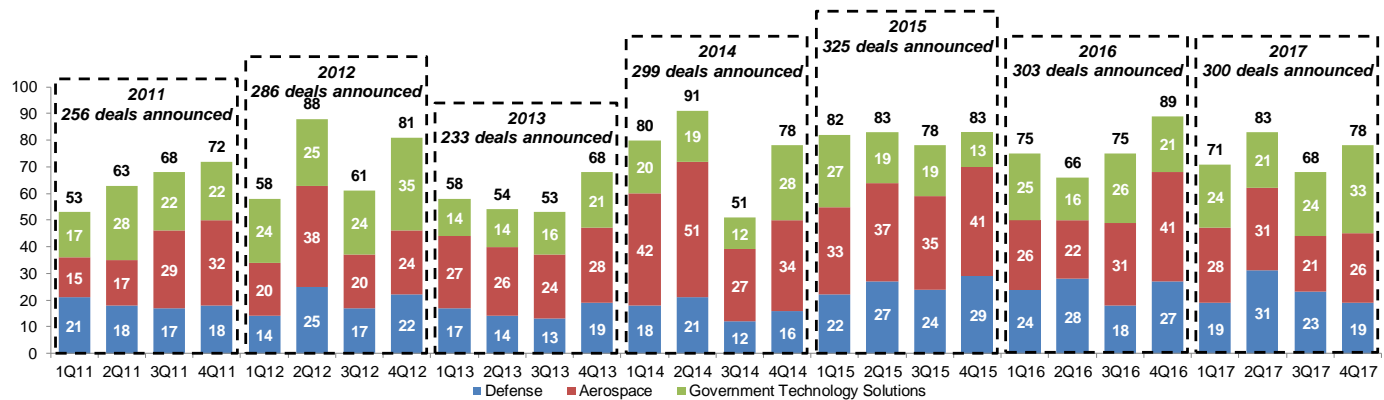
M&A Trends & Activity

78 aerospace, defense, and government technology solutions transactions were announced in 4Q17, bringing the total 2017 deal count to 300 across the three sectors, down slightly from the highs set in recent years.

26 aerospace and 19 defense deals announced in the quarter bring the total sector deal counts for 2017 to 106 and 92, respectively. Despite a particularly strong start to the year, fewer announcements in the second half across both the aerospace and defense sectors led to lower overall deal volume. While a bullish outlook on the new administration and budget optimism may have helped bolster 1H17 volume, lower volume in 2H17 could in part be attributed to expectations of a forthcoming tax overhaul and owner optimism regarding lower tax rates for 2018. Despite slight volume contraction, optimistic indicators in 4Q17 are driving positive momentum as we head into 2018. Specifically, private equity groups (“PEGs”) continue to leverage liquid credit markets to effectively compete with strategics on price for attractive acquisition targets. As a result, PEG buyers accounted for 42% of 4Q17 A&D transaction volume. This represents the third most active quarter proportionally over the last 5 years, trailing only 1Q13 and 1Q16, which saw 48% and 44%, respectively.

M&A Transaction Volume⁽¹⁾

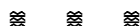
For the Calendar Quarters 1Q11 – 4Q17



26 aerospace announcements in 4Q17 pushed 2017’s deal count to 106, below the 2014 – 2016 aerospace totals. 54% of deals in 4Q17 represented new platform or add-on purchases by PEGs. AE Industrial Partners was one of the most active acquirers in the quarter, purchasing FMI, Inc. as a new platform and making tuck in acquisitions for its Belcan and AC&A, LLC portfolio companies. Arlington Capital Partners’ (“ACP”) acquisition of Cadence Aerospace, a provider of highly-complex aerospace components, represents another high-profile PEG acquisition, given its size and scale.

19 defense deals in 4Q17 represents one of the lowest figures over the last 12 quarters, and the 92 total defense deals announced in 2017 is lower than 2015 and 2016. The recently passed CR and tempered optimism for the administration’s budget request may have slowed deal volume. Despite a slight drop in total announcements, 16 defense electronics deals in 4Q17 offset the lower proportions earlier in the year to bring 2017’s share of defense electronics deals to 72%, closer to historical norms of 73% and 70% in 2015 and 2016. Robust activity in the defense electronics subsector is highlighted by Mercury Systems’ \$180 million acquisition of Themis Computer⁽²⁾ and TTM Technologies’ \$775 million acquisition of Anaren. Both deals were at approximately 14x LTM EBITDA.

After steady deal activity during the first three quarters of 2017, government technology solutions experienced a flurry of M&A transactions to close out the year, with 33 deals announced in 4Q17. Total 2017 deal volume was 102, which was the highest since 2012 and represented a 16% increase over 2016. Buyers remained focused on targets with market-leading NGIT capabilities, to include cybersecurity and cloud as well as firms serving the IC. 29% of transactions were consummated by buyers that made their first industry-focused acquisition, such as Highpoint Global acquiring Primescape Solutions and Fuse Engineering acquiring ZyEdge LLC. One of the more notable 4Q17 M&A announcements was DXC Technology’s intent to spin off its U.S. public sector business. DXC will be combined with Vencore Holdings Corporation and Keypoint Government Solutions, two Veritas-owned portfolio companies, to form a new, publicly traded company with an estimated \$4.3 billion in annual revenue. 2018 government technology M&A activity is poised to continue its 2017 pace due to a combination of strong capital markets, a favorable tax and financing environment, companies compensating for slow organic growth with add-on acquisitions, and the overall need to drive growth in order to justify all-time high valuations.



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

Aerospace Update

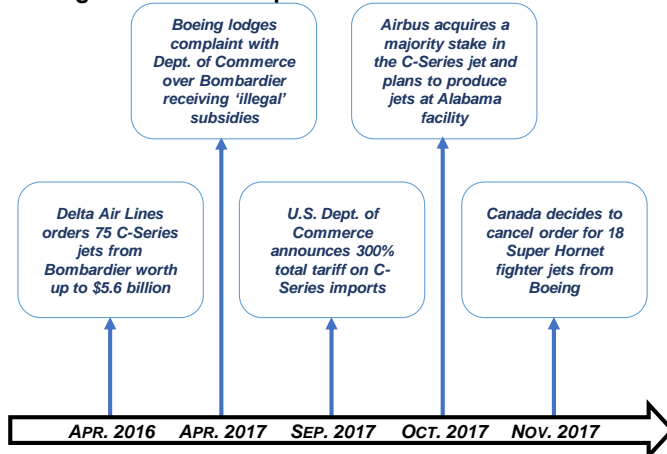
Airbus and Boeing Secured Massive Orders at 2017 Dubai Air Show

Manufacturer	Price	Buyer	Airplane (# of Orders)
AIRBUS	\$50.0 billion	indigo partners	A320neo (430)
BOEING	\$27.0 billion	flydubai	737 Max (225)
BOEING	\$15.1 billion	Emirates	787-10 (40)
AIRBUS	\$2.7 billion	watanaya airways	A320neo (25)
BOEING	\$2.2 billion	ALIFCO	737 Max 8 (25)

ORDERS AT THE DUBAI AIR SHOW DEMONSTRATE STRENGTH OF COMMERCIAL AEROSPACE INDUSTRY

Planemakers secured massive orders at this year's Dubai Air Show, totaling 502 orders for Airbus and 248 orders for Boeing. Airbus secured the largest commercial plane order in its history, nearly \$50 billion, for single-aisle aircraft. This overshadowed Boeing's large-scale \$27 billion order for 225 737 Max planes, the A320's primary competitor. Airbus' mega-deal will add 273 A320neo narrow-body aircraft and 157 of its larger variant, the A321neo, to Indigo Partners' fleet, distributed amongst four low-cost carriers in Indigo's investment portfolio, including Frontier Airlines, Volaris, Wizz Air Holdings, and JetSmart. The deal with Indigo is expected to double Airbus' previous order book for the year and increases its backlog to more than 7,000 jets, reversing previous expectations that 2017 orders would trail deliveries. These two orders alone reinforce the theme of increasing passenger and freight traffic bolstering demand for commercial aircraft.

Timeline of Bombardier C-Series Trade Dispute with Boeing and Airbus' Acquisition of C-Series



AIRBUS ACQUIRES MAJORITY STAKE IN BOMBARDIER C-SERIES JET

Airbus has acquired a majority stake in the Bombardier C-Series jetliner, creating an avenue for Bombardier to avoid a potentially damaging trade dispute with Boeing where the U.S. Dept. of Commerce threatened a 300% tariff on C-Series imports. The agreement gives Airbus a 50.01% stake in Bombardier's C-Series Aircraft Limited Partnership and will allow Bombardier to avoid the tariff by performing final assembly of the aircraft at Airbus' factory in Alabama, making the aircraft a U.S. domestic product. The deal benefits Bombardier by adding economies of scale and access to a broader sales distribution network. Airbus expects to leverage its customer contacts and supply chain expertise to expand production on a new product line while also providing a product for which Boeing has no direct competition.

Comparison of Potential Heavy Launch Vehicles for Use in Future DoD Missions

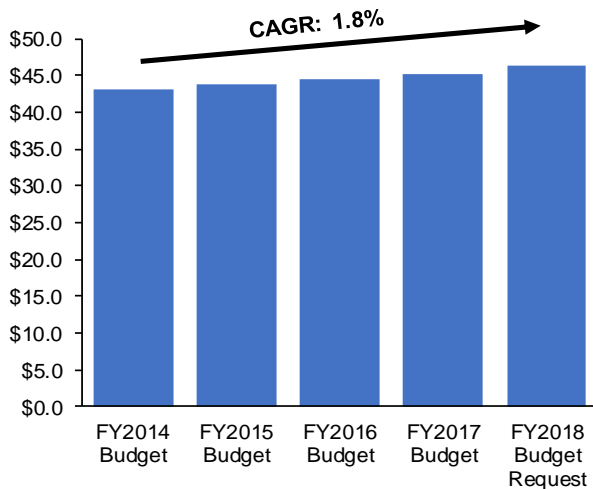
ANTARES	VULCAN	FALCON HEAVY	NEW GLENN
HEIGHT 139 FEET	HEIGHT 215 FEET	HEIGHT 230 FEET	HEIGHT 270 FEET
DIAMETER 13 FEET	DIAMETER 18 FEET	DIAMETER 12 FEET	DIAMETER 23 FEET
PAYLOAD 6,500 kg	PAYLOAD 23,000 kg	PAYLOAD 63,800 kg	PAYLOAD 45,000 kg
1ST FLIGHT 2013	1ST FLIGHT 2019	1ST FLIGHT 2017	1ST FLIGHT 2020

EMERGENCE OF SPACE RACE TO TRANSPORT FUTURE NATIONAL SECURITY SATELLITES

In 2018, the Air Force is expected to pick three contractors to provide prototype rockets to fulfill the military's requirements for the next three decades. In November, Orbital ATK successfully launched a civilian cargo capsule into orbit, propelling a spacecraft to supply the International Space Station. The successful launch, along with its recent acquisition by Northrop Grumman, increases Orbital ATK's chances of being selected to develop a more powerful booster for DoD missions. Orbital ATK will be competing with SpaceX, Blue Origin, and United Launch Alliance ("ULA"), a JV between Boeing and Lockheed Martin, for the opportunity to transport the Pentagon's future national security satellites into high-altitude orbits. Currently, ULA is the primary heavy-lift launch provider for the U.S. military, however, a strong-performing Antares rocket could help secure future DoD business for Orbital ATK and Northrop Grumman.

Defense Update

Historical Japan Defense Spending⁽¹⁾
 (\$ in billions)



JAPAN URGED TO BUY MORE U.S. MILITARY AS NORTH KOREAN THREAT GROWS

As North Korea continues to conduct tests of its intercontinental ballistic missiles, many of which have passed over Japanese territories, Japan has expressed its desires to increase the country's missile defense capabilities. During President Trump's 12-day trip to Asia in November, he urged Japan's leader, Prime Minister Shinzo Abe, to buy "massive" amounts of military equipment from the U.S. to help bolster Japan's defenses. While Japan has historically had low defense spending levels and growth, the country has announced new plans to increase its defense budget in order to accommodate its military's request for high-tech missile defense systems, radars, and fighter jets. Furthermore, Abe has mentioned that he anticipates many of the new weapons systems to be purchased from U.S. defense companies.

Overview of Missiles Violating the Cold War-era INF Treaty



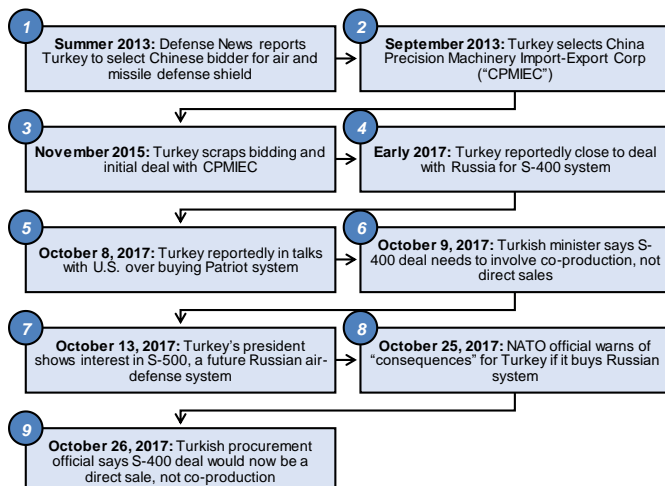
	SSC-8	RS-26
Other Possible Names	9M729, SSC-X-8	Rubezh, SS-X-31
Type	Ground-Launch Cruise Missile	Intercontinental Ballistic Missile*
Possible Launcher	Road-mobile Iskander	Road-mobile transporter erector
Nuclear Capable	Yes	Yes
Possible Maximum Range	~1,550 miles	~3,600 miles**
Status	Allegedly deployed	Tested

*Russia has yet to declare the RS-26 an ICBM. If the weapon instead classifies as an intermediate-range missile, it could fall under the INF Treaty ban. If it is an ICBM, it would fall under New START Treaty restrictions.
 **The missile has been tested at shorter ranges that fall within the distances banned by the INF Treaty
 Sources: Wall Street Journal, Arms Control Work, NASIC, CSIS, Russianforces.org

PENTAGON MOVES TO DEVELOP BANNED INTERMEDIATE MISSILE

Washington is increasing pressure on Russia after what it believes is a violation of the Cold War-era Intermediate-Range Nuclear Forces ("INF") Treaty, which prohibits certain ground-based, intermediate-range missiles capable of delivering nuclear warheads. The treaty was signed in 1987 by U.S. President Ronald Reagan and Soviet Union President Mikhail Gorbachev in an effort to reduce the threat of nuclear conflict. In response to Russia's violation, the Pentagon began research and development of an intermediate-range, road-mobile, ground launched missile system in order to send a message to Russia that they will need to pay a military price for their violation of the INF Treaty. The treaty is essential to Europe's security and is also part of a larger effort to craft a new Russia strategy while making a push for a Ukraine peacekeeping deal.

Turkey's Air-Defense Shuffle⁽²⁾



TURKEY PLANS TO DEPLOY RUSSIAN AIR-DEFENSE SYSTEM IN 2019

In November, Turkey's Defense Minister, Nurettin Canikli, announced plans to acquire a single S-400 missile defense system from Russia. The contract has been signed and a down payment has been made, ensuring the defense system will be deployed in 2019. Turkey wants to make the S-400 a standalone system that they can operate with their own source code, which will ensure they have the technological know-how to operate the system without Russia's interference. Although this is not part of the current contract, Turkish officials believe it will be negotiated at later stages. The contract for a Russian defense system was a surprise to many, as Turkey had initially selected China's Precision Import-Export Corporation for its long-range air and anti-missile program in 2013. Pressure from NATO allies drove the transition from purchasing a Chinese system to the Russian system.

(1) Source: Japanese Ministry of Defense
 (2) Source: Defense News

Government Technology Solutions Update

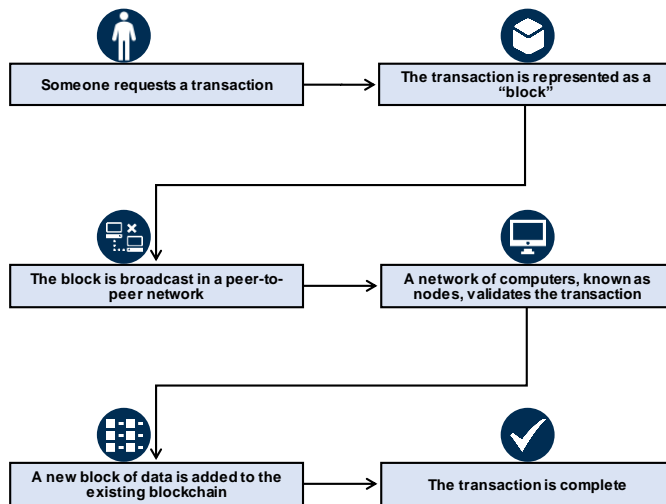
Government Technology Solutions Earnings⁽¹⁾

Government	EPS (Latest Quarter Releases)			EPS Growth YoY
	Est.	Actual	Beat / (Miss)	
Booz Allen Hamilton 2Q18: 11/06/17	\$0.46	\$0.48	4.2%	4.3%
CACI 1Q18: 11/1/17	\$1.52	\$1.67	9.9%	13.6%
ENGILITY 3Q17: 11/02/17	\$0.54	\$0.38	(30.1%)	(27.8%)
ICE 3Q17: 11/02/17	\$0.80	\$0.83	3.2%	2.5%
KEYW 3Q17: 11/02/17	\$0.03	(\$0.08)	NM	NM
leidos 3Q17: 11/02/17	\$0.83	\$0.95	14.1%	(24.0%)
ManTech 3Q17: 11/01/17	\$0.38	\$0.39	1.9%	2.6%
SAIC 3Q18: 12/07/17	\$0.87	\$0.99	13.0%	8.6%
VECTRUS 3Q17: 11/07/17	\$0.41	\$0.51	25.9%	(15.0%)

SUPPORTIVE MACRO ENVIRONMENT HELPS DRIVE POSITIVE SECTOR RETURNS

The government technology solutions sector finished the year strong, outperforming consensus earnings by an average of 7.0%. YoY earnings were up an average of 2.6%. Of note, CACI beat earnings by nearly 10%; the company cited its strategy of bidding on and winning larger, more profitable contracts as a key driver of its organic growth. CACI is further factoring in tailwinds from a fully-appropriated fiscal 2018 budget; the company believes that increased appropriations for national security could provide additional growth potential. Booz Allen Hamilton beat earnings by 4.2%, and reported a 10% YoY increase in its Q317 revenue with full-year revenue growth forecasted to be between 4% and 7%. In addition to strong organic growth, Booz Allen also added to its cyber capabilities through the acquisition of Morphick, Inc.

Blockchain's Network



BLOCKCHAIN TECHNOLOGY PIQUING GOVERNMENT'S INTEREST

Government agencies are exploring potential applications of blockchain, the distributed ledger technology used to accurately record transactions between multiple parties. The growing list of potential uses within the government include identity management, alternative payment models, and auditing, among others. Several agencies, including the DoD and GSA, have been independently researching blockchain implementation, believing it to be at the forefront of the next technology wave. Specifically, many agencies see it as an avenue to improve functionality of legacy systems, potentially delaying or altogether saving replacement costs. In the near-term, the government aims to incorporate private blockchains to improve overall privacy and operating efficiencies. Ultimately, the technology has the potential to move into mainstream government processes, much the same way that cloud computing has. In turn, this research is expected to spur funding for blockchain technology development and implementation, and could be a future focus area for M&A.

Recent Large Contract Awards (\$ in billions)

Contract	Agency	Ceiling Value	Number of Awardees	Length
Encore III*		\$17.5	20**	5-year base Five 1-year options
Alliant 2*		\$50.0	61**	5-year base One 5-year option
VETS 2		\$5.0	70	5-year base One 5-year option

*Awards are currently under protest

**Count reflects unrestricted awardees; SB awardees not yet announced

MAJOR AWARD ANNOUNCEMENTS TO SHAPE FUTURE CONTRACTING ENVIRONMENT

In the past, large contract vehicles have been a driver of M&A activity, setting the stage for the value placed on newly-awarded, highly-active contract awards. While the lists of Alliant 2 and VETS 2 awardees were more inclusive, the Encore III vehicle in particular could motivate M&A, as firms look to buy their way in. Encore III made only 20 F&O awards out of 72 proposals, leaving out several high-profile incumbents, including Raytheon and Northrop Grumman. However, notwithstanding the large ceiling values, when considering set-aside requirements and the large number of awardees, acquirers will need to take a thoughtful approach to valuations, given the likely competitive dynamics, and to the weight of the opportunity of each specific vehicle, given the unique characteristics and requirements of each company.

(1) S&P Capital IQ, company filings, and KippsDeSanto research
(2) Source: Deltek Mobility Report
(3) Source: Citrix Mobile Analytics Report

Public Company Trading Analysis ⁽¹⁾

(\$ in millions, except per share amounts)

Aircraft and Engine OEMs	Stock Price 12/29/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing	\$308.84	100.0%	\$183,938	\$184,733	\$92,338	\$11,773	12.8%	\$93,596	\$12,370	13.2%	2.00x	15.7x	1.97x	14.9x
General Electric Co	18.54	58.4%	160,780	305,730	124,010	16,796	13.5%	126,286	16,918	13.4%	2.47x	18.2x	2.42x	18.1x
Airbus SE	103.00	95.9%	79,768	82,708	80,137	7,803	9.7%	86,304	9,031	10.5%	1.03x	10.6x	0.96x	9.2x
Safran SA	107.33	96.7%	44,619	43,750	19,662	3,810	19.4%	22,584	4,288	19.0%	2.23x	11.5x	1.94x	10.2x
MTU Aero Engines AG	185.30	99.7%	9,543	9,440	6,160	875	14.2%	6,592	926	14.0%	1.53x	10.8x	1.43x	10.2x
Median		96.7%	\$79,768	\$82,708	\$80,137	\$7,803	13.5%	\$86,304	\$9,031	13.4%	2.00x	11.5x	1.94x	10.2x

Aerostructures	Stock Price 12/29/17	% 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	\$89.91	100.0%	\$10,396	\$10,759	\$6,939	\$779	11.2%	\$7,123	\$1,139	16.0%	1.55x	13.8x	1.51x	9.4x
GKN plc	4.43	86.0%	7,601	8,312	13,415	1,361	10.1%	13,626	1,467	10.8%	0.62x	6.1x	0.61x	5.7x
Hexcel	63.02	98.6%	5,661	6,376	1,965	462	23.5%	2,143	513	23.9%	3.24x	13.8x	2.98x	12.4x
Senior plc	3.61	90.1%	1,515	1,751	1,373	172	12.6%	1,445	190	13.1%	1.28x	10.2x	1.21x	9.2x
Triumph Group	27.45	78.9%	1,363	2,761	3,219	314	9.7%	3,105	356	11.5%	0.86x	8.8x	0.89x	7.8x
Median		90.1%	\$5,661	\$6,376	\$3,219	\$462	11.2%	\$3,105	\$513	13.1%	1.28x	10.2x	1.21x	9.2x

Aerospace Suppliers	Stock Price 12/29/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Arconic	\$29.61	96.5%	\$14,252	\$19,365	\$12,759	\$1,802	14.1%	\$13,038	\$2,045	15.7%	1.52x	10.7x	1.49x	9.5x
Curtiss-Wright	123.30	98.6%	5,441	5,974	2,245	442	19.7%	2,347	484	20.6%	2.66x	13.5x	2.55x	12.3x
Meggitt PLC	6.66	92.6%	5,158	6,615	2,773	672	24.3%	2,850	696	24.4%	2.39x	9.8x	2.32x	9.5x
Moog Inc.	87.76	97.5%	3,139	3,728	2,518	318	12.6%	2,647	354	13.4%	1.48x	11.7x	1.41x	10.5x
RBC Bearings	125.62	89.8%	2,968	3,145	652	159	24.4%	708	178	25.2%	4.82x	19.8x	4.44x	17.7x
Esterline Technologies	75.15	73.2%	2,234	2,713	2,005	302	15.1%	2,061	319	15.5%	1.35x	9.0x	1.32x	8.5x
Astronics	41.07	92.9%	1,148	1,310	627	85	13.5%	775	116	15.0%	2.09x	15.5x	1.69x	11.3x
Héroux-Devtek	12.28	96.9%	444	505	315	46	14.7%	398	62	15.6%	1.60x	10.9x	1.27x	8.1x
Ducommun	28.40	79.8%	322	540	561	49	8.7%	588	64	10.9%	0.96x	11.0x	0.92x	8.4x
Median		92.9%	\$2,968	\$3,145	\$2,005	\$302	14.7%	\$2,061	\$319	15.6%	1.60x	11.0x	1.49x	9.5x

Aftermarket / MRO	Stock Price 12/29/17	% 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 Group	\$274.91	93.2%	\$14,284	\$25,427	\$3,563	\$1,736	48.7%	\$3,754	\$1,870	49.8%	7.14x	14.6x	6.77x	13.6x
Singapore Technologies Engineering	2.52	86.5%	7,842	8,307	5,078	579	11.4%	5,293	624	11.8%	1.64x	14.4x	1.57x	13.3x
HEICO	95.65	94.3%	7,302	8,142	1,570	383	24.4%	1,732	433	25.0%	5.19x	21.2x	4.70x	18.8x
BBA Aviation	4.67	97.8%	4,796	6,063	2,316	442	19.1%	2,382	468	19.6%	2.62x	13.7x	2.54x	13.0x
KLX Inc.	68.65	97.8%	3,458	4,354	1,751	313	17.9%	1,954	382	19.5%	2.49x	13.9x	2.23x	11.4x
SIA Engineering	2.43	76.7%	2,722	2,421	831	97	11.7%	851	104	12.2%	2.91x	25.0x	2.84x	23.4x
AAR Corp.	38.83	88.2%	1,325	1,488	1,828	116	6.3%	2,079	179	8.6%	0.81x	12.8x	0.72x	8.3x
Median		93.2%	\$4,796	\$6,063	\$1,828	\$383	17.9%	\$2,079	\$433	19.5%	2.62x	14.4x	2.54x	13.3x

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

Public Company Trading Analysis, cont. ⁽¹⁾

(\$ in millions, except per share amounts)

Defense Primes	Stock Price 12/29/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing	\$308.84	100.0%	\$183,938	\$184,733	\$92,338	\$11,773	12.8%	\$93,596	\$12,370	13.2%	2.00x	15.7x	1.97x	14.9x
Lockheed Martin	329.68	99.8%	94,529	105,933	50,608	6,993	13.8%	51,161	7,170	14.0%	2.09x	15.1x	2.07x	14.8x
General Dynamics	204.70	95.3%	61,120	63,280	31,096	4,651	15.0%	32,891	4,877	14.8%	2.04x	13.6x	1.92x	13.0x
Raytheon	190.23	98.9%	54,993	58,120	25,368	3,850	15.2%	26,639	4,110	15.4%	2.29x	15.1x	2.18x	14.1x
Northrop Grumman	308.22	99.1%	53,654	58,866	25,520	3,809	14.9%	27,251	4,138	15.2%	2.31x	15.5x	2.16x	14.2x
BAE Systems	7.76	83.8%	24,701	26,938	26,523	3,038	11.5%	26,554	3,148	11.9%	1.02x	8.9x	1.01x	8.6x
Median		99.0%	\$58,056	\$61,073	\$28,809	\$4,250	14.4%	\$30,071	\$4,508	14.4%	2.06x	15.1x	2.02x	14.2x

Defense Systems	Stock Price 12/29/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Safran	\$107.33	96.7%	\$44,619	\$43,750	\$19,662	\$3,810	19.4%	\$22,584	\$4,288	19.0%	2.23x	11.5x	1.94x	10.2x
L3 Technologies	201.58	99.8%	15,752	18,728	10,031	1,238	12.3%	10,167	1,350	13.3%	1.87x	15.1x	1.84x	13.9x
Huntington Ingalls Industries	233.75	92.2%	10,580	11,363	7,380	1,058	14.3%	7,500	1,071	14.3%	1.54x	10.7x	1.51x	10.6x
FLIR	48.25	99.6%	6,686	6,670	1,804	397	22.0%	1,914	456	23.8%	3.70x	16.8x	3.48x	14.6x
Cobham	1.67	73.8%	3,976	4,576	2,710	392	14.5%	2,727	415	15.2%	1.69x	11.7x	1.68x	11.0x
Kongsberg Gruppen	19.12	99.2%	2,295	2,549	1,778	150	8.4%	1,934	228	11.8%	1.43x	17.0x	1.32x	11.2x
Cubic	59.35	91.4%	1,615	1,809	1,491	106	7.1%	1,569	141	9.0%	1.21x	17.0x	1.15x	12.8x
AeroVironment	53.40	90.5%	1,254	1,026	301	43	14.4%	313	21	6.8%	3.41x	NM	3.27x	NM
Median		94.5%	\$5,331	\$5,623	\$2,257	\$395	14.3%	\$2,331	\$436	13.8%	1.78x	15.1x	1.76x	11.2x

Defense Electronics / Comm.	Stock Price 12/29/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Harris	\$143.74	99.2%	\$17,134	\$20,743	\$5,928	\$1,379	23.3%	\$6,285	\$1,492	23.7%	3.50x	15.0x	3.30x	13.9x
Teledyne	186.31	98.8%	6,602	7,715	2,569	443	17.2%	2,742	497	18.1%	3.00x	17.4x	2.81x	15.5x
ViaSat	74.33	98.0%	4,329	5,108	1,583	267	16.9%	1,761	340	19.3%	3.23x	19.1x	2.90x	15.0x
Mercury Systems	51.10	92.9%	2,465	2,439	444	103	23.3%	523	117	22.3%	5.49x	23.6x	4.66x	20.9x
Ultra Electronics	17.55	57.6%	1,360	1,698	1,044	190	18.2%	1,092	201	18.4%	1.63x	9.0x	1.56x	8.4x
Kratos Defense & Security Solutions	11.73	84.2%	1,212	1,342	745	54	7.2%	791	70	8.9%	1.80x	24.9x	1.70x	19.1x
Comtech Telecommunications	21.86	91.5%	516	668	522	66	12.6%	578	74	12.9%	1.28x	10.1x	1.16x	9.0x
Median		92.9%	\$2,465	\$2,439	\$1,044	\$190	17.2%	\$1,092	\$201	18.4%	3.00x	17.4x	2.81x	15.0x

Homeland Security	Stock Price 12/29/17	% of 52 Week High	Market Cap	Enterprise Value	CY2017E			CY2018P			EV / CY2017E		EV / CY2018P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Smiths Group	\$20.95	91.7%	\$8,292	\$9,587	\$4,483	\$940	21.0%	\$4,509	\$967	21.5%	2.14x	10.2x	2.13x	9.9x
MSA Safety Incorporated	78.57	91.0%	2,988	3,356	1,177	228	19.4%	1,284	270	21.0%	2.85x	14.7x	2.61x	12.5x
OSI Systems, Inc.	66.68	69.0%	1,265	1,532	1,018	183	18.0%	1,080	187	17.4%	1.50x	8.4x	1.42x	8.2x
American Outdoor Brands	12.37	50.5%	669	891	680	117	17.2%	690	126	18.2%	1.31x	7.6x	1.29x	7.1x
Median		80.0%	\$2,126	\$2,444	\$1,098	\$206	18.7%	\$1,182	\$229	19.6%	1.82x	9.3x	1.77x	9.0x

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

Public Company Trading Analysis, cont. ⁽¹⁾

(\$ in millions, except per share amounts)

<u>Government Technology Solutions</u>	Stock Price 12/29/17	% 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	\$64.73	98.5%	\$9,793	\$12,626	\$10,219	\$1,046	10.2%	\$10,547	\$1,079	10.2%	1.24x	12.1x	1.20x	11.7x
Booz Allen Hamilton	38.36	96.7%	5,593	7,110	6,137	583	9.5%	6,451	621	9.6%	1.16x	12.2x	1.10x	11.5x
CSRA Inc.	31.07	92.3%	5,089	7,897	5,026	798	15.9%	5,442	803	14.8%	1.57x	9.9x	1.45x	9.8x
CACI International	137.15	93.1%	3,377	4,481	4,390	363	8.3%	4,507	401	8.9%	1.02x	12.3x	0.99x	11.2x
SAIC	77.99	86.8%	3,335	4,241	4,395	304	6.9%	4,525	334	7.4%	0.96x	13.9x	0.94x	12.7x
ManTech International	51.49	96.6%	2,008	1,859	1,717	131	7.6%	1,912	146	7.6%	1.08x	14.2x	0.97x	12.7x
Engility Holdings	28.46	79.9%	1,048	1,995	1,930	182	9.4%	1,900	177	9.3%	1.03x	11.0x	1.05x	11.3x
ICF International	53.45	92.2%	996	1,220	1,215	115	9.5%	1,265	126	9.9%	1.00x	10.6x	0.96x	9.7x
VSE Corporation	48.02	80.2%	520	721	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
KEYW	5.94	47.9%	292	541	439	38	8.5%	506	46	9.1%	1.23x	NM	1.07x	11.8x
Vectrus, Inc.	30.70	86.3%	341	351	1,094	41	3.8%	1,100	43	3.9%	0.32x	8.5x	0.32x	8.2x
Median		92.2%	\$2,008	\$1,995	\$3,160	\$243	9.0%	\$3,209	\$256	9.2%	1.06x	12.1x	1.02x	11.4x

<u>Engineering & Construction</u>	Stock Price 12/29/17	% 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	\$68.14	98.3%	\$8,212	\$7,735	\$10,018	\$674	6.7%	\$15,072	\$1,061	7.0%	0.77x	11.5x	0.51x	7.3x
AECOM	38.28	96.9%	6,034	9,294	18,532	877	4.7%	19,652	1,007	5.1%	0.50x	10.6x	0.47x	9.2x
Babcock International	9.70	69.5%	4,901	6,867	6,815	907	13.3%	7,586	941	12.4%	1.01x	7.6x	0.91x	7.3x
Tetra Tech	48.55	95.4%	2,705	2,872	2,059	239	11.6%	2,094	246	11.7%	1.40x	12.0x	1.37x	11.7x
KBR	20.11	94.6%	2,817	2,809	4,258	343	8.1%	4,300	332	7.7%	0.66x	8.2x	0.65x	8.4x
Median		95.4%	\$4,901	\$6,867	\$6,815	\$674	8.1%	\$7,586	\$941	7.7%	0.77x	10.6x	0.65x	8.4x

(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	EBITDA		EV / LTM	
							Margin	Rev.	Rev.	EBITDA
12/22/17	Saab AB	Applied Composites AB (ACAB)	Manufactures composites for jet engines, aircraft, spacecraft and speciality products. GKN divested its Scandinavian composites operations.	\$12.9	NA	NA	NA	NA	NA	NA
12/21/17	Perusa Partners	SCHROTH Safety Products GmbH	Provides a wide range of restraint systems used on commercial airplanes, including two-point lapbelts and three-point shoulder belts	NA	NA	NA	NA	NA	NA	NA
12/21/17	Mercury Systems, Inc.	Themis Computer, Inc. ⁽²⁾	Provides commercial, Size, Weight, and Power ("SWaP")-optimized rugged servers, computers and storage systems for U.S. and international defense programs	180.0	\$57.0	\$13.1	23.0%	3.16x	13.7x	
12/20/17	Molex, LLC	Triton Manufacturing Company, Inc.	Provides flexible power cable assemblies and custom bus bars used in a wide range of current and heat transfer applications	NA	NA	NA	NA	NA	NA	NA
12/19/17	Element Materials Technology Group	Metals Testing Co Inc. (MTC)	Provides non-destructive testing ("NDT") services to the aerospace industry	NA	NA	NA	NA	NA	NA	NA
12/15/17	Federal Resources Supply Co.	Wright Tool Co.	Provides industrial tools and equipment for the U.S. government and military	NA	NA	NA	NA	NA	NA	NA
12/12/17	Belcan, LLC	CDI Corporation's Aerospace and Industrial Equipment Business Unit	Provides engineering and recruitment solutions for a broad range of aerospace platforms	157.5	NA	NA	NA	NA	NA	NA
12/08/17	Hexcel Corp.	Oxford Performance Material, Inc.'s Aerospace & Defense Business	Provides thermoplastic, carbon fiber reinforced 3D printed parts for commercial aerospace, space, and defense applications	NA	NA	NA	NA	NA	NA	NA
12/06/17	Kordsa, Inc.	Textile Products, Inc. and Fabric Development, Inc.	Provides specialty textile manufacturing of carbon, hybrid, and specialty fabrics for aerospace, marine, industrial, and other industries	100.0	NA	NA	NA	NA	NA	NA
12/03/17	TTM Technologies, Inc.	Anaren, Inc.	Provides high-frequency radio frequency ("RF"), microwave microelectronics, components, and assemblies for space, defense, and telecommunications sectors	775.0	219.0	54.5	24.9%	3.54x	14.2x	
12/04/17	IPG Photonics Corp.	Laser Depth Dynamics, Inc.	Provides in-process quality monitoring and control solutions for laser-based welding applications	NA	NA	NA	NA	NA	NA	NA
12/04/17	Tronair, Inc.	Malabar Holding Co.	Provides ground support and maintenance equipment for commercial and military aircraft	NA	NA	NA	NA	NA	NA	NA
12/01/17	HBD Industries, Inc.	True Position Technologies, LLC	Provides complex machined components for flight control applications	NA	NA	NA	NA	NA	NA	NA
11/29/17	MB Aerospace Group	Asian Compressor Technology Services	Provides repairs and overhauls of compressor stators, shrouds, honeycomb seals, and segments for engines	60.0	NA	NA	NA	NA	NA	NA
11/29/17	CapitalWorks, LLC	GEMCITY Engineering	Provides advanced automated equipment, complex assemblies, robotics, and high precision machining	NA	NA	NA	NA	NA	NA	NA
11/28/17	AC&A Enterprises, LLC / AE Industrial Partners	EnCore Composites Holdings, Inc.	Provides interior cabin, composite, and other lightweight products for the aviation industry	NA	NA	NA	NA	NA	NA	NA
11/28/17	Thales S.A.	Aveillant	Provides holographic radar technology ideal used for drone surveillance	NA	NA	NA	NA	NA	NA	NA
11/28/17	Tinicum L.P.	Astrodyne TDI	Provides specialized power solutions for demanding applications in the advanced military, aerospace, medical, and industrial markets	NA	NA	NA	NA	NA	NA	NA
11/27/17	Hartzell Engine Technologies, LLC	Meggitt South Wind Aircraft Heater Business	Provides combustion heating solutions for South Wind Aircraft	NA	NA	NA	NA	NA	NA	NA
11/15/17	Arlington Capital Partners	Cadence Aerospace, LLC	Provides highly complex aerospace components and assemblies	NA	NA	NA	NA	NA	NA	NA
11/13/17	General Atomics	Surrey Satellite Technology US, LLC	Provides small satellite technologies, systems, and services	NA	NA	NA	NA	NA	NA	NA
11/09/17	Ichor Holdings, LLC	Talon Innovations Corp.	Provides high precision machined parts used in semiconductor tools	130.0	NA	NA	NA	NA	NA	NA
11/09/17	MAG Aerospace Corporation	Avenge, Inc. ⁽²⁾	Provides manned intelligence, surveillance, and reconnaissance operations and training as well as traditional engineering / program management support	NA	NA	NA	NA	NA	NA	NA
11/08/17	Structural Monitoring Systems plc	Anodyne Electronics Manufacturing Corp.	Provides electronic components for the aerospace industry	7.9	10.2	1.6	15.4%	0.77x	5.0x	
11/06/17	Radiant Power Corp.	Interface Displays & Controls, Inc.	Provides electronic products for aviation, marine, military fighting vehicles, and embedded computing markets	NA	NA	NA	NA	NA	NA	NA

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

Select Recent Aerospace / Defense M&A, cont. (1)

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA		EV / LTM	
							Margin		Rev.	EBITDA
11/01/17	AC&A Enterprises, LLC / AE Industrial Partners	Applied Composites Engineering, Inc.	Provides advanced composites for aerospace and defense original equipment manufacturers	NA	NA	NA	NA	NA	NA	NA
10/31/17	Raisbeck Engineering, Inc.	Butterfield Industries	Provides FAA-approved replacement parts for numerous King Air models	NA	NA	NA	NA	NA	NA	NA
10/31/17	AE Industrial Partners, LLC	F.M.I., Inc.	Provides a full range of premium forming, machining, engineering, and complex assembly services to global aerospace customers	NA	NA	NA	NA	NA	NA	NA
10/27/17	Astronics Corp.	Telefonix, Inc.	Provides advanced in-flight entertainment and connectivity equipment as well as design consultancy services for the global aerospace industry	\$104.0	\$65.0	NA	NA	1.60x	NA	NA
10/25/17	Point Blank Enterprises, Inc.	Short Bark Industries	Provides tactical and strategic gear and uniforms for various branches of the U.S. military	NA	NA	NA	NA	NA	NA	NA
10/24/17	Serco Group plc	BTP Systems, LLC ⁽²⁾	Provides satellite communications, radar modernization, operations and maintenance, and sustainment services	20.0	NA	NA	NA	NA	NA	NA
10/23/17	MavenHill Capital	Connecticut Coining, Inc.	Provides precision deep drawn metal parts for mission-critical applications for aerospace, defense, medical, and power tube industries	NA	NA	NA	NA	NA	NA	NA
10/19/17	Aviation Avionics and Instruments Inc. (Sunvair Aerospace subsidiary)	Scott Instrument Co.	Provides instrument and accessory repairs spanning a number of cockpit and aircraft systems	NA	NA	NA	NA	NA	NA	NA
10/19/17	Bertin Technologies SA	Winlight System	Provides design and manufacturing of components and systems for high-performance optics that serve space, defense, and other industries	NA	NA	NA	NA	NA	NA	NA
10/18/17	Spectris plc	The Omnicon Group, Inc.	Provides design and development of critical hardware and software for aerospace, defense, and automotive sectors	29.0	NA	NA	NA	NA	NA	NA
10/18/17	AEA Investors LP	Excelitas Technologies Corp.	Provides photonics technology solutions with core capabilities in detection, optics, illumination, and advanced electronics	NA	847.7	NA	NA	NA	NA	NA
10/17/17	ACR Electronics, Inc. / Drew Marine UK Holdings Ltd.	SKYTRAC Systems Ltd.	Provides full-service, data-driven solutions for the global aviation industry	NA	NA	NA	NA	NA	NA	NA
10/16/17	Clear Align, LLC	Global Imaging Technologies / GD Mission Systems subsidiary	Provides optical and electro-optical / infrared systems and lens design, fabrication, and coating services	NA	NA	NA	NA	NA	NA	NA
10/13/17	Insight Equity Holdings LLC	VirTex Enterprises, LP	Provides printed circuit board assemblies and other critical electronic systems for aerospace, defense, and other industries	NA	NA	NA	NA	NA	NA	NA
10/12/17	Wencor Group, LLC	Fortner Engineering & Manufacturing	Provides hydraulic component repair and maintenance for airlines, cargo carriers, aviation services providers, and original equipment manufacturers	NA	NA	NA	NA	NA	NA	NA
10/05/17	Boeing Co.	Aurora Flight Sciences Corp.	Provides autonomous systems technologies to enable advanced robotic aircraft for future aerospace applications and vehicles	NA	NA	NA	NA	NA	NA	NA
10/03/17	General Atomics	Syntronics, LLC	Provides embedded processing, electro-mechanical, and optical products for military and commercial applications	NA	NA	NA	NA	NA	NA	NA
10/03/17	American Securities, LLC	MW Industries, Inc.	Provides highly-engineered springs, specialty fasteners, machined parts, and other precision components	NA	NA	NA	NA	NA	NA	NA
10/02/17	Heroux-Devtek, Inc.	Compania Espanola de Sistemas Aeronauticos SA	Provides fluid mechanical and electromechanical systems for the aerospace industry	205.0	136.0	\$16.0	11.8%	1.51x	12.8x	NA
09/27/17	The MEL Group	Redmayne Engineering Ltd.	Provides precision engineering, specializing in the production of components for the aerospace and defense industries	NA	NA	NA	NA	NA	NA	NA
09/25/17	CIRCOR International, Inc.	Colfax Corp.'s Fluid Handling Business	Provides fluid handling systems across marine, defense, and other industries	855.0	NA	NA	NA	NA	NA	NA
09/25/17	Acorn Growth Companies	CIS Secure Computing, Inc.	Provides secure communications equipment and solutions for a wide range of U.S. government customers	NA	NA	NA	NA	NA	NA	NA
09/22/17	Novume Solutions, Inc.	Global Technical Services, Inc.	Provides contract and direct-hire staffing services to aviation maintenance, aerospace, electronics, and defense industries	3.8	35.0	NA	NA	0.11x	NA	NA
09/19/17	AAR Corp.	Two MRO Facilities from Premier Aviation	Provides aircraft maintenance, repair and overhaul services at a facility at Trois-Rivières Airport in Québec and Windsor International Airport in Ontario. Shortly after closing the deal, AAR	NA	NA	NA	NA	NA	NA	NA
09/18/17	Northrop Grumman Corp.	Orbital ATK, Inc.	Provides space, defense, and aviation systems, including rocket propulsion systems, missiles, defense electronics, and precision weapons	9,222.3	4,515.0	607.0	13.4%	2.04x	15.2x	NA

(1) S&P Capital IQ, company filings, and KippsDeSanto research
(2) 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		EV / LTM	
							Margin	Rev.	EBITDA	EBITDA
12/18/17	DC Capital Partners	Janus Global Operations	Provides integrated stability operations support services to government and public service organizations	NA	NA	NA	NA	NA	NA	NA
12/13/17	Chenega Corporation	ADG Creative, Inc. ⁽²⁾	Provides branding and public relations, advertising and design, and interactive and e-learning application development to government and commercial customers	NA	NA	NA	NA	NA	NA	NA
12/11/17	Xator Corporation	Merlin International's Professional Services Business	Provides IT solutions to the U.S. Federal Government	NA	NA	NA	NA	NA	NA	NA
12/07/17	Advanced Core Concepts, LLC	ACTA Inc.	Provides risk management services to the space, defense, anti-terror, aeronautical, and petrochemical industries	NA	NA	NA	NA	NA	NA	NA
12/06/17	System One Holdings, LLC	GAP Solutions Inc.	Provides operations enhancing programs and consulting services to defense, homeland security, and civilian government agencies in the U.S.	NA	NA	NA	NA	NA	NA	NA
11/27/17	ABSS Solutions Inc.	1st American Systems and Services	Provides technical and professional services supporting the design, integration, and management of program solutions	NA	NA	NA	NA	NA	NA	NA
11/14/17	Intelligent Waves LLC	VMI Technology and Associated IP of Hypori	Provides the only certified mobile virtualization option for use in the U.S. government	NA	NA	NA	NA	NA	NA	NA
11/02/17	L2 Defense, Inc.	Advanced Technical and Educational Consultants	Provides emergency services training and simulation exercises for the military and federal agencies, as well as state and local emergency services communities	NA	NA	NA	NA	NA	NA	NA
11/02/17	TeraThink Corporation	Dominion Consulting ⁽²⁾	Provides agile engineering, enterprise application, information management, and management consulting services	NA	NA	NA	NA	NA	NA	NA
10/23/17	Highpoint Global	Primescape Solutions	Provides IT solutions and professional services to the U.S. government	NA	NA	NA	NA	NA	NA	NA
10/20/17	OpenGov, Inc.	Peak Democracy	Provides online citizen engagement solutions for the government sector	NA	NA	NA	NA	NA	NA	NA
10/20/17	Booz Allen Hamilton	Morphick, Inc.	Provides a technology-enabled managed service that tailors cyber security solutions to their clients and enables them to morph their defenses to stay ahead of attackers	NA	NA	NA	NA	NA	NA	NA
11/14/17	H.I.G. Capital	Whitney Bradley & Brown, Inc. ⁽²⁾	Provides financial and management consulting services to Federal Government clients in the U.S.	NA	NA	NA	NA	NA	NA	NA
10/18/17	Resolver, Inc.	RiskVision, Inc.	Provides integrated solutions for operational and security risk intelligence for businesses	NA	NA	NA	NA	NA	NA	NA
10/17/17	CSRA Inc.	Praxis Engineering Technologies	Provides software and systems engineering services to agencies in the IC with a particular emphasis on mission application development and engagement	\$199.8	NA	NA	NA	NA	NA	NA
10/11/17	Novume Solutions, Inc.	NeoSystems Corp.	Provides strategic back office services for government contractors, nonprofit organizations, small and medium-sized organizations, and commercial entities	17.9	NA	NA	NA	NA	NA	NA
10/10/17	DXC Technology U.S. Public Sector business	Vencore and KeyPoint Government Solutions	Vencore - provides information solutions, engineering, and analysis to the U.S. IC and DoD; Keypoint - provides specialized investigative and risk mitigation services	1,232.5	NA	NA	NA	NA	NA	NA
10/10/17	The Parsons Corporation	Williams Electric Company, Inc.	Provides engineering, construction, technical, and management services to customers in the U.S. and internationally	NA	NA	NA	NA	NA	NA	NA
10/05/17	Deltek	Onvia, Inc.	Provides market intelligence platforms that offer clients contracting leads in the federal, state, and local government arenas	59.5	NA	NA	NA	NA	NA	NA
10/03/17	Fuse Engineering	Zyedge	Provides small and mid-sized businesses with managed security, cloud, and network engineering services	NA	NA	NA	NA	NA	NA	NA
10/03/17	Intelligence Systems Group	Data Center Services	Provides technical expertise for government cloud migration and strategic advisors in the compliance process	NA	NA	NA	NA	NA	NA	NA
10/03/17	CompuSearch Software Systems, Inc.	FedBid, Inc.	Provides fully-managed cloud-based online marketplace optimizing the way governments, businesses, and educational institutions buy goods and services	NA	NA	NA	NA	NA	NA	NA
10/02/17	CACI International Inc.	Spargonet Consulting Ltd	Provides managed services and IT consulting services in the retail, automotive, finance, and technology sectors	NA	NA	NA	NA	NA	NA	NA
10/02/17	Arlington Capital Partners	Xebec Global Corporation	Provides human intelligence solutions and services to customers in the IC	NA	NA	NA	NA	NA	NA	NA
10/02/17	Polaris Alpha	Solidyn Solutions	Provides satellite mission management, command and control systems, virtualization and cloud computing, and information assurance	NA	NA	NA	NA	NA	NA	NA

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

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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