

KIPPSDESANTO'S DEALVIEW — TOP 10 M&A DEALS OF THE QUARTER⁽¹⁾

KippsDeSanto & Co., a leading aerospace / defense and government technology solutions investment bank, would like to share its thoughts on the “Top 10 M&A Deals of the Quarter” for the period ended June 30, 2018. The following table is our take on the most notable announced M&A transactions — not only based on size, but also on strategic importance and / or impact.

Precedent Transactions

(\$ in millions)

Date Announced	Buyer / Target	Target Description	Target Sector	Enterprise Value	EV / LTM	
					Revenue	EBITDA
06/19/18	Cerberus Capital Management / Worldwide Flight Services	Provides aviation and aircraft ground support services such as cargo handling, technical contracting, and ramp and passenger services	Aerospace	\$1,389.2	0.99x	ND
05/29/18	Madison Dearborn Partners and CoVant Group / LinQuest Corporation	Provides technical solutions to the U.S. government and commercial industry	Government Technology Solutions	ND	ND	ND
05/21/18	The Parsons Corporation / Polaris Alpha	Provides technical capabilities, specialized domain expertise, and mission critical solutions to the DoD and Intelligence Community	Government Technology Solutions	ND	ND	ND
05/15/18	SAP National Security Services, Inc. / Technology Management Associates, Inc. ⁽¹⁾	Provides mission-critical engineering and C4ISR technologies in support of national security programs	Government Technology Solutions	ND	ND	ND
05/02/18	Spirit AeroSystems Holdings, Inc. / Asco Industries N.V.	Provides high lift wing structures, mechanical assemblies, and components to OEMs and Tier-1 suppliers in commercial aerospace and military markets	Aerospace	650.0	1.63x	9.3x ⁽²⁾
05/01/18	Boeing Co. / KLX, Inc.	Provides aerospace fasteners, consumables, and logistics services worldwide through its Aerospace Solutions Group	Aerospace	4,158.6	2.39x	14.7x
05/01/18	American Industrial Partners / Vertex Aerospace (L3 Technologies Subsidiary)	Provides sustainment & support and aviation & aerospace technical services for the DoD, government agencies, and foreign governments	Defense	540.0	ND	ND
04/23/18	Peraton Corp. / Strategic Resources International, Inc. ⁽¹⁾	Provides software development and consulting services to Fortune 500 companies	Government Technology Solutions	ND	ND	ND
04/11/18	Jet Aviation (General Dynamics Corp. Subsidiary) / Hawker Pacific Pty. Ltd.	Provides a wide range of aviation services, including civil MRO services, government fleet management, FBO services, aircraft sales, and parts sales	Aerospace	250.0	1.75x ⁽³⁾	8.1x ⁽³⁾
04/11/18	SOS International LLC (SOSi) / STG Group Holdings, Inc.	Provides mission-critical technology, cyber, and data solutions to the U.S. defense, diplomatic and intelligence communities	Government Technology Solutions	83.0	ND	ND

ND = Not Disclosed

(1) KippsDeSanto acted as the exclusive financial advisor on this transaction

(2) Based on 2018 pro-forma EBITDA estimate

(3) Based on 2017 revenue and EBITDA figures

Of the above transactions, the following were especially noteworthy:

The aerospace / defense deal of the quarter is Boeing Co.'s acquisition of KLX, Inc. (NASDAQ:KLXI). KLX primarily provides aerospace fasteners, consumables, and logistics services worldwide through its Aerospace Solutions Group, which generated 90% of total sales in its most recent fiscal year. KLX's Energy Services Group made up the remaining 10% of revenue, and Boeing plans to divest the business unit before closing the deal. The transaction values the Aerospace Solutions Group at a multiple of 15.7x LTM

(1) KippsDeSanto & Company is not affiliated with any other company mentioned herein

(2) Source: KLX Press Release on May 1, 2018

EBITDA⁽²⁾ for FY2017 and values the entire business at \$4.2 billion, representing 14.7x LTM EBITDA. KLX will operate as part of Boeing's expanding aircraft services business, Boeing Global Services, and will be fully integrated with Boeing's parts subsidiary, Aviall. The acquisition continues Boeing's strategic push into the highly profitable aftermarket and MRO sector, as Boeing continues to make acquisitions along its vertical supply chain. The transaction is expected to generate \$70 million in cost-savings by 2021, and Boeing plans to finance the acquisition through a combination of cash on hand and \$1.0 billion of net debt.

The government technology solutions deal of the quarter is SOS International's ("SOSi") acquisition of STG Inc. The approximately \$83 million all cash transaction closed on April 11th. The deal took place approximately one year after STG's failed transaction with Preferred Systems Solutions, and nearly five months after STG's parent company, STG Group, was taken over by creditors. This marks the third and largest acquisition in three years for SOSi, the Reston-based government services integrator, which also acquired Defense Group Inc., in September 2017, and New World Solutions, in January 2016. STG expands SOSi's capabilities across mission-critical technology, cyber, and data solutions. SOSi, with the addition of STG, now has 1,300 employees worldwide. STG also holds the Alliant 2 and Eagle II contracts, among others, that provide SOSi with an ability to expand its customer base and pursue previously unavailable opportunities. This transaction highlights continued consolidation and capability expansion strategies amongst mid-tier firms. Moreover, SOSi showcased deal ingenuity in its ability to navigate the complicated ownership and creditor dynamics of STG. As a result of this deal, the SOSi / STG combination establishes a highly formidable mid-sized IT player with enhanced IT capabilities and footprint.

Click [here](#) to access KippsDeSanto's 2018 Aerospace/Defense & Government Services M&A Survey

About KippsDeSanto & Co.: KippsDeSanto & Co. is an investment bank focused on delivering exceptional results for leading, growth-oriented aerospace / defense and technology companies. We leverage our creativity and industry experience to provide M&A, private financing and strategic consulting. Capitalizing on real-time industry trends and in-depth technical and strategic analysis, our solutions-driven approach is highly structured and uniquely tailored to each client. KippsDeSanto is recognized for its market insight and broad industry relationships. We help market leaders realize their full strategic value. KippsDeSanto, member FINRA/SIPC, is not affiliated with other companies mentioned herein. For more information, visit www.kippsdesanto.com.