

MarketView

Spring 2018

Aerospace / Defense and Government Technology Solutions



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Select Recent KippsDeSanto & Co. Advised Transactions


Aitech
has agreed to be acquired by

FIMI
Opportunity Funds


THEMIS
has been acquired by

mercury
systems™
February 2018


rgs.
a portfolio company of
CM EQUITY PARTNERS
has been acquired by

USfalcon.
February 2018


BTP Systems
Engineering and Technical Services
has been acquired by

serco
January 2018


ADG CREATIVE
BE HEARD™
has been acquired by

CHENEGA CORPORATION
January 2018


AVERAGE
has been acquired by

MAG
AEROSPACE
a portfolio company of
CLAIRVEST
November 2017


WBB™
a portfolio company of

LAKE CAPITAL
has been acquired by

H. I. G.
CAPITAL
October 2017


Dominion
CONSULTING
has merged with

TERATHINK
October 2017


JBS
INTERNATIONAL
has been acquired by
 South Carolina
September 2017


NES
Net-Centric Enterprise Solutions
has been acquired by

CSRA
Think Next. Now.
July 2017


BEI
Precision Systems & Space Company, Inc.
a subsidiary of

INNOVISTA
SERVICES
a portfolio company of
THE CARLYLE GROUP
 & 
Schneider Electric & PAI PARTNERS
has been acquired by
J.F. Lehman & Company
April 2017


IR INFORELIANCE
has been acquired by

ECS
April 2017

Operational / Funding Environment

Following several months of negotiations during which the Federal Government operated under a series of continuing resolutions (“CR”), on February 7th, Congress reached a two-year budget deal, which includes a boost of ~\$160 billion to current levels of defense spending over the next two years. Congress approved top-line defense budgets of \$700 billion in government fiscal year (“GFY”) 2018, and \$716 billion in GFY2019. After several weeks of additional negotiations, Congress approved the FY2018 top-line defense figure through the passage of a \$1.3 trillion omnibus spending bill on March 22nd, which was signed by President Trump on March 23rd. The GFY2018 budget represents the largest single-year defense budget increase in over a decade. The bill places a significant emphasis on military lethality and modernization, with a 23% increase in Research, Development, Test, and Evaluation (“RDT&E”) and an 18% increase in procurement. The bill also provides greater flexibility in spending, adjusting the 80 / 20 rule to allow the Pentagon to spend up to 25% of its annual funds in the final two months of the year, easing concerns about such a large infusion of funds with less than half of the fiscal year remaining.

In February, the Pentagon released its GFY2019 budget proposal, which requests \$686 billion in total Department of Defense (“DoD”) spending; the proposal includes \$617 billion in base DoD spending, in addition to \$69 billion to fund Overseas Contingency Operations (“OCO”). The increased funding levels, which Congress has since approved, will be used to pursue the Pentagon’s goals of improving Warfighter readiness, and positioning the U.S. to face potential competition from China and Russia. Of note, the budget proposes an increase in active component end strength by more than 50,000 from 2019 – 2023, and would provide \$13.7 billion for science and technology, funding innovation in a number of critical emerging domains, including hypersonics, autonomy, cyber, directed energy, electronic warfare, and artificial intelligence.

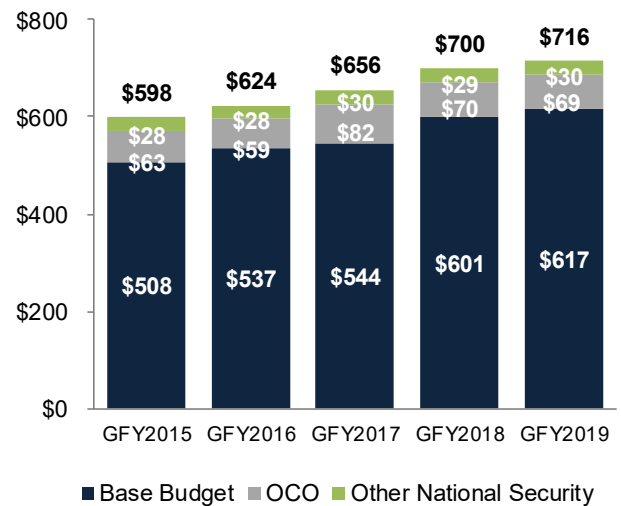
In the commercial aerospace sector, Boeing and Airbus released their final orders and deliveries figures for 2017. Airbus delivered a record-high 718 aircraft in 2017, representing a 4% increase over its previous record set in 2016, and the 15th straight year that deliveries have increased. However, Boeing once again claimed the title of world’s largest commercial aircraft manufacturer with 763 deliveries, which similarly represented a record high for the company. Boeing expects this increased pace to continue in 2018, setting a goal of delivering between 810 and 815 commercial aircraft in the year.

The Defense Information Systems Agency’s (“DISA”) Encore III (\$17.5 billion) contract vehicle officially resolved all four of its full & open (“F&O”) protests during 1Q18. However, the small business portion of the protest has yet to be determined by the Government Accountability Office (“GAO”). Only six of the 20 awardees on the F&O portion of the vehicle are returning incumbents. Additionally, it is expected that DISA will award a Systems Engineering Technology and Innovation contract vehicle this spring for \$7.5 billion.

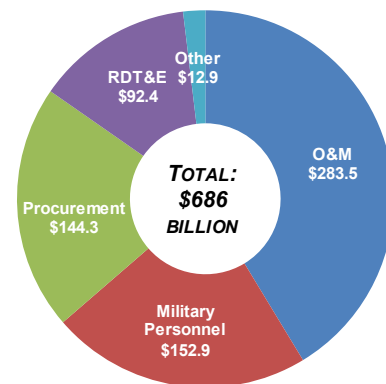
The Modernizing Government Technology Act (“MGT”) received \$100 million in funding for GFY2018, which further supports the Trump administration’s initiative to prioritize IT modernization. While funding was below the administration’s initial request of \$228 million, many MGT advocates believe this is a positive step, as agencies now have additional resources to modernize IT infrastructure, capabilities, and cyber defenses. Furthermore, the Trump Administration is proposing \$80.0 billion and \$45.8 billion in the GFY2019 budget for IT and cybersecurity spending, respectively. Additionally, the General Services Administration (“GSA”) announced a new \$210 million IT modernization fund from which agencies can draw once their projects are approved.



GFY2015 – GFY2019 National Defense Budget⁽¹⁾
(\$ in billions)



GFY2019 DoD Request Budget Overview⁽¹⁾⁽²⁾
(\$ in billions)



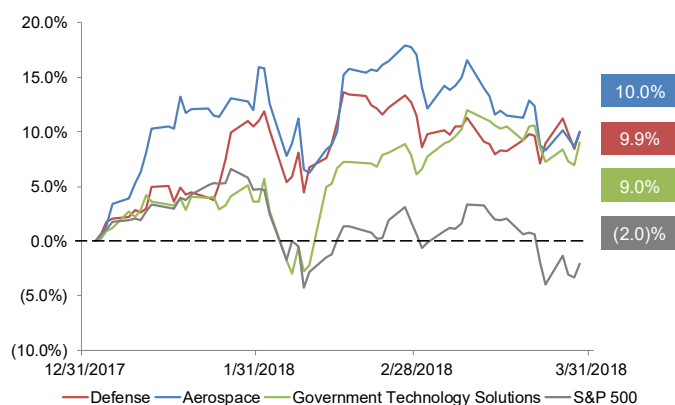
(1) Sources: Department of Defense GFY2019 Budget Briefing, U.S. Government Publishing Office, McAleese and Associates
(2) Does not include \$30 billion funding for defense-related spending for non-DoD agencies

Capital Markets and Public Market Valuation Trends

Building on the momentum of 2017, 1Q18 started with a strong January and then had a sharp selloff in early February. However, shares quickly rebounded to high levels before sustained volatility through March caused shares forfeit some of the initial gain. Despite broader macroeconomic pricing pressures related to inflationary concerns, interest rate guidance from the Federal Reserve, and continued tensions with North Korea and Russia, the aerospace, defense, and technology solutions sectors showed substantial growth in the first quarter of 2018.

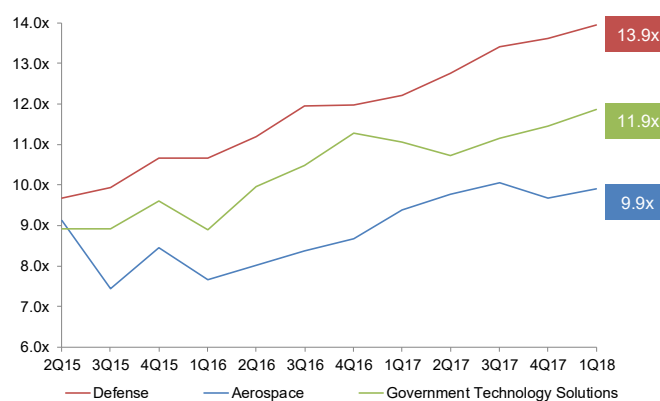
Relative Stock Price Performance⁽¹⁾

For the Quarter Ended March 31, 2018



Median Quarterly EV / NTM EBITDA Multiples⁽¹⁾

For the Quarter Ended March 31, 2018



The aerospace index is up 10.0% over the quarter, demonstrating more modest returns compared to the exceptional growth exhibited over the previous several quarters. Despite this, shares still far outpaced the S&P 500, which experienced a decline of 2.0% for the quarter. Index performance was largely split between impressive growth from the OEMs and disappointing performance from suppliers, a split largely driven by continued pricing pressure from Airbus and Boeing on the supply chain. Airbus, Boeing, and Bombardier shares increased 15.7%, 10.5%, and 22.8% for the quarter, respectively. Industry laggards included Embraer and other Tier 1 suppliers, including Spirit AeroSystems, Safran, Triumph Group, and Meggitt, whose shares collectively averaged a decline of 4.4% in the quarter. Overall, the index's median enterprise value ("EV") / next twelve months ("NTM") EBITDA for 1Q18 resumed its upward trajectory, reaching 9.9x, and bouncing back from a slight dip to end 2017. Sustained momentum across the industry related to robust backlog, strong bookings, and high production rates are all positive signs signaling confidence in the industry.

The defense index also experienced an uptick of 9.9% in 1Q18, keeping pace with the aerospace index. Raytheon and Northrop Grumman had the most impressive gains in the quarter, with shares rising 15.9% and 14.4%, respectively. Raytheon secured several high-profile contracts related to missile defense systems, such as \$1.5 billion for the Patriot missile and more than \$600 million related to the Ballistic Missile Defense System ("BMDS"). However, even the lowest performing stocks in the index still experienced growth in the quarter, with BAE and L3 Technologies shares up 4.4% and 4.9%, respectively. In addition to rising share prices, public multiples reflect increased confidence in the defense sector, buoyed by expected increases in military spending in response to evolving threats from geopolitical adversaries. The median EV / NTM multiple for the defense index reached 13.9x, extending its streak to 12 quarters without a decline.

The government technology solutions index ended the quarter up 9.0%, marking the fourth consecutive quarter the index has posted positive returns. The government technology solutions index is poised to continue this trajectory as it benefits from tax reform, as well as increased spending in the newly passed budget. Valuation multiples remained strong, closing out 1Q18 at 11.9x, up from a 4Q17 multiple of 11.5x to realize its fourth consecutive quarter of growth. CSRA headlined the index's performance, ending the quarter up 35.4% after receiving a 30%+ jump in its share price on February 12th after it agreed to be acquired in an all-cash deal by General Dynamics ("GD"), whose shares ended the quarter up 10.2%. CACI caught the downside of the transaction, as its failed counter-offer for CSRA caused its share price to fall approximately 6.8% the following week – it was previously trading at an all-time high. Despite this fall, CACI still finished the quarter up 12.8% behind a strong earnings announcement in February and continued tailwinds from recent contract awards, including the \$17.5 billion Encore III IDIQ in March. Engility was the only company in the index to finish the quarter with negative returns, falling 14.8% after reporting a fourth-quarter loss of \$59.6 million in March after the company reported a profit in the same period a year earlier.



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

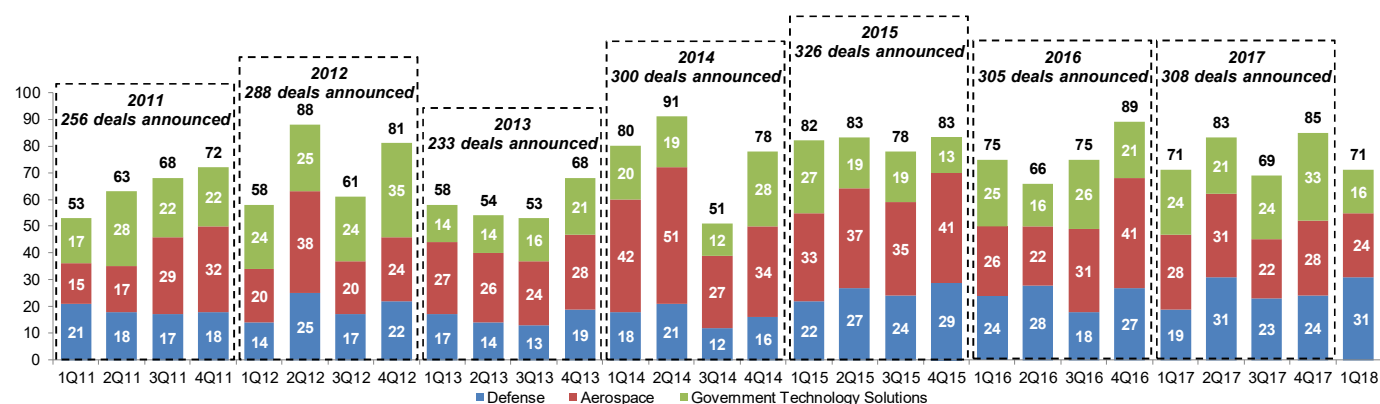
M&A Trends & Activity

The aerospace, defense, and government technology solutions sectors announced 71 transactions in 1Q18, roughly on track with the average of 76 deals per quarter across 2016 – 2017.

The 24 announced aerospace deals in the quarter is slightly below 1Q17 and 4Q17, both of which had 28 deals announced in the sector. Aerospace deal volume has continued its year-over-year (“YoY”) decline from the high of 154 deals in 2014 (~39 per quarter) to only 109 deals in 2017 (~27 per quarter). Despite the decline, optimism in the sector remains robust, with several transactions highlighting key themes, including the continued momentum in the aftermarket MRO segment and continued portfolio shaping through divestitures. TransDigm’s activity in 1Q18 highlights both trends, with its \$525 million acquisition of Extant Aerospace, which derives 80% of its \$85 million in revenue from commercial and military aftermarkets, as well as its \$50 million acquisition of Esterline’s Kirkhill Elastomer divestiture.

M&A Transaction Volume⁽¹⁾

For the Calendar Quarters 1Q11 – 1Q18



The 31 announced defense deals in 1Q18 reached the highest level of volume in any quarter dating back to 2008, and outpaced aerospace deal volume for only the third time since 2014. Continued optimism over the defense budget and premium valuations for targets with attractive capabilities have helped catapult defense deal volume to a strong start in 2018. A major transaction was Elbit Systems’ acquisition of state-owned Israel Military Industries for \$540 million, which is anticipated to create Israel’s largest defense contractor, bringing additional capabilities in precision rockets and guided munitions to existing core capabilities in drones, helmet displays, and cybersecurity. Rising global defense budgets have been cited by Elbit as one key driver in its stated strategy of identifying potential acquisitions across its target markets. Along with the aerospace sector, the defense sector continues its portfolio shaping activities, with notable divestitures including Cobham’s sale of its Test and Measurement business for \$455 million to Viavi Solutions, Dresser Rand’s sale of its Government Business to Curtiss-Wright for \$213 million, and Kratos Defense & Security Solutions’ sale of its Public Safety & Security System Integration business for \$70 million to Securitas Defense & Security.

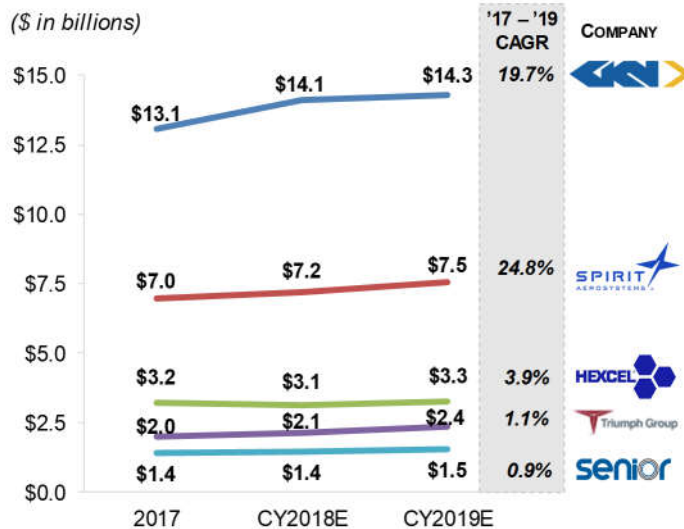
The government technology solutions M&A market was off to a slow start in 2018, with 16 transactions announced through 1Q18, down 38% from the 24 deals announced in 1Q17. Despite a lower deal count, 1Q18 was marked by many high-profile transactions, including GD / CSRA for \$9.9 billion, On Assignment / ECS for \$775 million, Veritas / PwC’s public-sector business, and KBRwyle / Stinger Ghaffarian Technologies for \$355 million. These deals highlight the competitive demand among large cap strategic and private equity firms to acquire large / middle-market companies to add scale as well as access entrenched customer relationships and differentiated capability sets. For example: (i) through its acquisition of CSRA, GD expands its IT revenue profile within the DoD by \$1.6 billion, Intelligence Community by \$1.8 billion, and Health and Civil by \$2.0 billion; (ii) On Assignment becomes a new player in the Federal contracting market, and; (iii) KBR expands its NASA foothold and increases its government services revenue to ~\$2.7 billion. Across all transactions this quarter, cyber and intel capabilities continue to be in high demand, marking ~65% of all 1Q18 transactions, while private equity buyer involvement accounted for ~35% of 1Q18 transactions, which is in line with 2017 levels. Overall, the sector outlook remains positive for deal activity anchored by new GFY2018 spending increases, recent tax reform resulting in higher free cash flows for acquirers and targets, strong public market valuations, and favorable debt financing, which continues to enable private equity buyers to become more competitive with strategics on price.



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

Aerospace Update

Positive Revenue Growth for Key Aerostructures Players⁽¹⁾



AEROSTRUCTURES INDUSTRY PRIMED TO UNDERGO CONSOLIDATION

Triumph Group's CEO and President, Dan Crowley, expressed his belief that the aerostructures market is likely to undergo significant consolidation over the course of the next six to twelve months. Crowley cites that industry overcapacity is currently outpacing demand, and that labor relations have created challenges in different plants, leading Triumph to restructure and reduce its own aerostructures portfolio. However, positive indicators have emerged within the industry, such as GKN plc receiving a sweetened offer to acquire its business after an initial hostile takeover bid from Melrose Industries. The revised bid includes a provision that it would not sell GKN's Aerospace division for the next five years. Furthermore, a rise in aircraft deliveries in the commercial and general aviation sectors, as well as outsourcing of aerostructures manufacturing by OEMs, is projected to help fuel growth within the industry at a compound annual growth rate ("CAGR") of 6.5%.

Air Force to Create Competition Between ULA and SpaceX to Drive Cost Effectiveness



SPACE-LAUNCH RACE HEATS UP BETWEEN SPACEX AND ULA

In January, SpaceX's Falcon 9 rocket launched two prototype communications satellites into orbit, marking the first time that SpaceX had launched its own satellites. During the launch, SpaceX successfully conducted a test of the satellites' antennas and other systems. The company's long-term goal is to launch a constellation of thousands of satellites to beam down internet with the goal of providing limited internet service in 2021. Additionally, the Air Force has announced its plans to split \$641 million in contract awards for satellite launch operations between SpaceX and United Launch Alliance ("ULA"), a joint venture between Boeing and Lockheed Martin. The Pentagon expressed these awards were parts of its continuous efforts to reduce costs as well as maintain access to space through multiple launch providers capable of competing over the long-term for national security payloads.

Boeing and Adient Set to Alter the Industry Landscape

BOEING AND ADIENT TEAM UP TO CREATE COMMERCIAL AIRLINE SEATS



Boeing has been making efforts to vertically integrate its business and develop in-house capabilities such as aviation electronics, specialty manufacturing, and engine components. In line with this strategy, Boeing is forming a joint venture ("JV") with Adient, the auto parts business divested by Johnson Controls in 2016. The JV will create seats for commercial aircraft, providing an alternative to the traditional commercial aircraft supply chain players such as Rockwell Collins and Safran. In a press release, Boeing stated the JV was created in response to delays in aircraft seat production as well as restraints on capacity for its key suppliers. The commercial aircraft supply chain is likely to undergo further changes as Boeing and Airbus continue to break into the higher-margin aftermarket services business, which will likely lead to further industry consolidation.

(1) Source: Capital IQ

Defense Update

Key GFY19 Defense Budget Funding by Program⁽¹⁾



GFY2019 BUDGET PRIORITIZES MILITARY READINESS

The GFY2019 budget demonstrates a focus on restoring military readiness, as well as key initiatives to increase research and development. The budget allocates major warfighting investments across key aircraft (F-35 Joint Strike Fighters, KC-46 Tanker replacements), shipbuilding (VA-class submarine, DDG-51 Arleigh Burke Destroyers), and ground systems (JLTV, M-1 Abrams) programs. Space investments include funding for launch vehicles, Global Positioning Systems, and infrared systems with the goal of boosting the resilience of U.S. operations in space. To deter potential threats from adversaries, the budget focuses on missile defense, preferred munitions, and nuclear deterrence programs. Lastly, the budget request demonstrates a commitment to furthering R&D efforts by committing \$13.7 billion to fund military-related science and technology efforts.







Air Force Hypersonic Technology Development Roadmap



PENTAGON PRIORITIZES DEVELOPMENT OF HYPERSONIC TECHNOLOGY

The Pentagon's new Undersecretary of Defense for Research and Engineering, Michael Griffin, has asserted that the development of hypersonic capabilities is now the highest technical priority for developing technologies. Because of the imminent threat that hypersonic systems pose and its ability to immobilize entire carrier battle groups and surface fleets, the department is looking into both defensive and offensive capabilities. The current Defense Advanced Research Projects Agency hypersonic budget increased 27% YoY in 2018, and will rise to \$257 million in 2019, a 136% YoY increase. By the end of the decade, the Air Force plans to develop high speed strike weapons and then transition to developing tactical and Intelligence, Surveillance, and Reconnaissance capabilities starting in 2030.

F-35 JSF / A-10 Warthog Comparison

PROGRAM INFO	F-35	A-10 WARTHOG
Aircraft		
Entered Production	2006	1972
Entered Service	2016	1977
Contractor		
# Built	280+	716
Military Branches Served		

THE F-35 JOINT STRIKE FIGHTER WILL UNDERGO CLOSE AIR SUPPORT TESTING

Before moving into operational testing, the F-35 will have to prove its worthiness as a close-air support plane to the Pentagon's independent testers. Per the 2017 Defense Authorization Act, the F-35 joint strike fighter is mandated to undergo comparison tests in the form of a much-anticipated flyoff versus the A-10 Warthog. Before the F-35 jet enters the operational testing phase, it will be evaluated to determine if it is capable of replacing the close-air support and reconnaissance capabilities currently performed by the A-10. The head of the F-35 program recently announced that testing is set to begin in April. After the assessment is completed, the results will be formally reviewed by the Director of Operational Test and Evaluation before moving to the operational test phase in the fall of 2018.

(1) Source: U.S. Department of Defense GFY2019 Budget Briefing

Government Technology Solutions Update

Government Technology Solutions Earnings⁽¹⁾

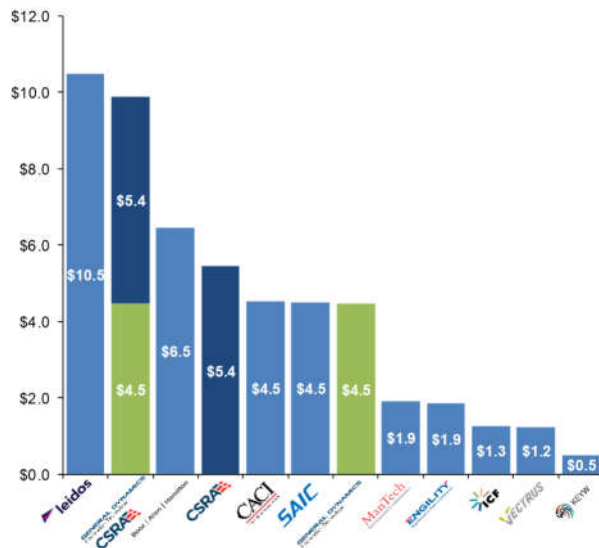
Government	EPS (Latest Quarter Releases)			EPS Growth YoY
	Est.	Actual	Beat / (Miss)	
Booz Allen Hamilton 3Q18: 02/05/18	\$0.42	\$0.48	13.0%	26.3%
CACI 2Q18: 02/01/17	\$1.69	\$2.00	18.7%	18.3%
ENGILITY 4Q17: 03/02/18	\$0.44	\$0.45	4.2%	(11.0%)
ICF 4Q17: 02/28/18	\$0.77	\$0.78	1.3%	2.6%
KEYW 4Q17: 03/16/18	(\$0.03)	\$0.00	NM	NM
leidos 4Q17: 02/23/18	\$0.85	\$0.87	2.8%	16.0%
ManTech 4Q17: 02/23/18	\$0.39	\$0.45	15.9%	28.6%
SAIC 4Q18: 03/29/18	\$0.87	\$0.99	13.0%	8.6%
VECTRUS 4Q17: 03/01/18	\$0.39	\$0.57	47.4%	42.5%

THRIVING MARKET AND TAX REFORM HELP DRIVE STRONG SECTOR RETURNS

The government technology solutions sector finished the year strong, outperforming consensus earnings estimates by an average of 13.0%, with YoY earnings up an average of 17.2%. Of note, Vectrus beat earnings estimates by nearly 50%, citing successful re-compete wins and phasing in of \$1.4 billion of contracts as a key driver of its organic growth. Vectrus expects additional growth from a \$2.9 billion backlog, an expanded credit facility, and enhanced capabilities through its acquisition of SENTEL. ManTech, which beat earnings by 15.9% and reported 28.6% YoY EPS growth, cited a record number of bookings and several contract extensions, along with \$51 million in income tax reductions from the re-measurement of existing deferred tax assets and liabilities due to the enactment of the Tax Act for the company's strong growth.

Potential Market Outlook by Revenue

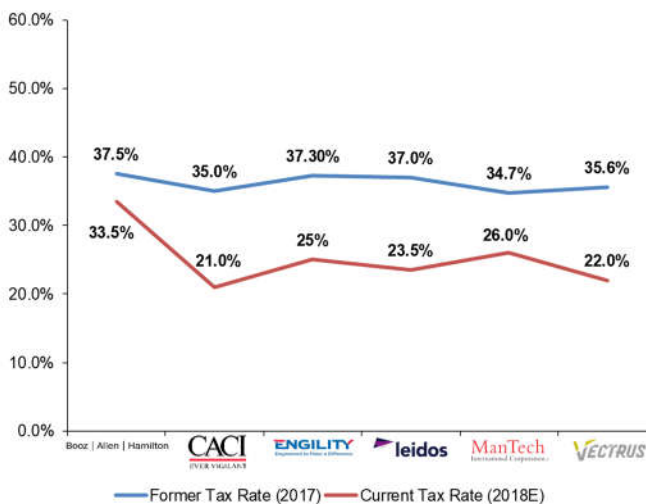
(\$ in billions)



MEGA MERGERS BECOMING PREVALENT IN A GROWING SERVICES MARKET

A continued trend within the government services market is the "mega-merger", highlighted by GD's pending acquisition of CSRA. This acquisition follows the trend started by Leidos when it acquired Lockheed Martin's Information Systems and Global Solutions' business for \$5 billion in 2016, becoming the largest player in the market. General Dynamics and CACI's competing bids for CSRA display the strong competition amongst public companies to gain size in a rapidly growing market with large upside. While GD and CACI have shown their desire for immediate size, Booz Allen Hamilton and SAIC have stated they do not feel threatened by recent large acquisitions and will continue to use M&A for strategic tuck-ins to improve capabilities without disrupting corporate dynamics. For instance, Booz's recent acquisitions of Morphick and Aquilent augmented its organic growth strategy by increasing emerging technology and higher-end engineering capabilities, which are two of its focus growth areas.

Representative Expected Tax Rate Changes



PRESIDENT TRUMP'S TAX REFORM PROVIDES ADDITIONAL FUEL FOR M&A

President Trump's tax bill features a 21.0% corporate income tax rate and a repatriation tax of 15.5% on cash and 8.0% on illiquid assets, providing additional cash flow and borrowing base for companies to potentially use for M&A. Trump's tax overhaul is particularly relevant for government services companies with annual revenue above \$1 billion, as these companies historically have paid the highest tax rates at 37.5% given the concentration of domestic revenue from sales to the Federal government. Comparatively, most large defense primes derive substantial portions of their revenue from overseas operations, bringing down their effective tax rates. Lower tax rates for government services companies in 2018 should provide even more incentive for companies to participate in an active M&A market, and enhance their ability to remain aggressive on valuations.

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

Public Company Trading Analysis⁽¹⁾

(\$ in millions, except per share amounts)

Aircraft and Engine OEMs	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing	\$327.88	88.2%	\$192,539	\$193,721	\$96,926	\$13,586	14.0%	\$102,507	\$14,739	14.4%	2.00x	14.3x	1.89x	13.1x
General Electric Co	13.48	44.1%	117,054	254,562	122,935	17,128	13.9%	124,151	17,051	13.7%	2.07x	14.9x	2.05x	14.9x
Airbus SE	115.56	93.8%	89,493	85,534	84,492	9,299	11.0%	91,062	10,875	11.9%	1.01x	9.2x	0.94x	7.9x
Safran SA	105.93	93.1%	46,177	44,353	25,118	4,249	16.9%	26,599	4,903	18.4%	1.77x	10.4x	1.67x	9.0x
MTU Aero Engines AG	168.54	87.2%	8,680	9,868	5,955	940	15.8%	6,414	1,004	15.7%	1.66x	10.5x	1.54x	9.8x
Median		88.2%	\$89,493	\$85,534	\$84,492	\$9,299	14.0%	\$91,062	\$10,875	14.4%	1.77x	10.5x	1.67x	9.8x

Aerostructures	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
GKN plc	\$6.50	100.0%	\$11,147	\$12,401	\$14,240	\$1,513	10.6%	\$14,357	\$1,618	11.3%	0.87x	8.2x	0.86x	7.7x
Spirit AeroSystems	83.70	79.6%	9,595	10,323	7,200	1,166	16.2%	7,558	1,228	16.2%	1.43x	8.9x	1.37x	8.4x
Hexcel	64.59	92.9%	5,791	6,541	2,144	513	23.9%	2,362	573	24.3%	3.05x	12.7x	2.77x	11.4x
Senior plc	4.22	96.8%	1,763	1,973	1,454	191	13.1%	1,528	214	14.0%	1.36x	10.3x	1.29x	9.2x
Triumph Group	25.20	72.4%	1,252	2,562	3,132	330	10.5%	3,284	410	12.5%	0.82x	7.8x	0.78x	6.2x
Median		86.2%	\$3,777	\$4,551	\$2,638	\$422	14.7%	\$2,823	\$492	15.1%	1.40x	9.6x	1.33x	8.8x

Aerospace Suppliers	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Arconic	\$23.04	73.9%	\$11,124	\$15,887	\$13,527	\$2,037	15.1%	\$13,998	\$2,227	15.9%	1.17x	7.8x	1.13x	7.1x
Curtiss-Wright	135.07	96.4%	5,976	6,315	2,382	472	19.8%	2,507	515	20.5%	2.65x	13.4x	2.52x	12.3x
Meggitt PLC	6.06	81.5%	4,697	6,001	2,742	630	23.0%	2,924	704	24.1%	2.19x	9.5x	2.05x	8.5x
Moog Inc.	82.41	87.7%	2,942	3,508	2,645	352	13.3%	2,757	378	13.7%	1.33x	10.0x	1.27x	9.3x
RBC Bearings	124.20	88.7%	2,933	3,087	702	177	25.2%	767	198	25.8%	4.40x	17.4x	4.02x	15.6x
Esterline Technologies	73.15	71.2%	2,174	2,630	2,052	317	15.4%	2,109	330	15.6%	1.28x	8.3x	1.25x	8.0x
Astronics	37.30	75.4%	1,045	1,299	779	109	14.0%	823	124	15.0%	1.67x	11.9x	1.58x	10.5x
Héroux-Devtek	11.62	95.4%	421	468	390	64	16.3%	458	72	15.7%	1.20x	7.4x	1.02x	6.5x
Ducommun	30.38	85.4%	345	558	589	60	10.3%	611	69	11.2%	0.95x	9.2x	0.91x	8.1x
Median		85.4%	\$2,933	\$3,087	\$2,052	\$317	15.4%	\$2,109	\$330	15.7%	1.33x	9.5x	1.27x	8.5x

Aftermarket / MRO	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
TransDigm Group	\$306.94	95.5%	\$16,021	\$26,924	\$3,773	\$1,862	49.4%	\$3,996	\$1,991	49.8%	7.14x	14.5x	6.74x	13.5x
Singapore Technologies Engineering	2.74	93.0%	8,549	8,848	5,294	647	12.2%	5,569	691	12.4%	1.67x	13.7x	1.59x	12.8x
HEICO	86.81	95.0%	8,170	8,996	1,760	445	25.3%	1,903	484	25.4%	5.11x	20.2x	4.73x	18.6x
BBA Aviation	4.50	86.5%	4,624	5,796	2,452	473	19.3%	2,525	492	19.5%	2.36x	12.3x	2.30x	11.8x
KLX Inc.	71.06	97.1%	3,606	4,535	2,003	390	19.5%	2,125	434	20.4%	2.26x	11.6x	2.13x	10.4x
SIA Engineering	2.43	75.5%	2,714	2,420	854	104	12.1%	884	111	12.5%	2.83x	23.4x	2.74x	21.9x
AAR Corp.	44.11	96.7%	1,497	1,667	1,990	169	8.5%	2,199	NA	NA	0.84x	9.8x	0.76x	NA
Median		95.0%	\$4,624	\$5,796	\$2,003	\$445	19.3%	\$2,199	\$488	20.0%	2.36x	13.7x	2.30x	13.2x

(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 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Boeing	\$327.88	88.2%	\$192,539	\$193,721	\$96,926	\$13,586	14.0%	\$102,507	\$14,739	14.4%	2.00x	14.3x	1.89x	13.1x
Lockheed Martin	337.93	93.1%	96,589	108,065	51,152	8,094	15.8%	53,486	8,711	16.3%	2.11x	13.4x	2.02x	12.4x
General Dynamics	220.90	96.0%	65,845	66,844	35,231	4,974	14.1%	39,060	5,679	14.5%	1.90x	13.4x	1.71x	11.8x
Raytheon	215.82	96.9%	62,265	64,427	26,710	4,953	18.5%	28,084	5,275	18.8%	2.41x	13.0x	2.29x	12.2x
Northrop Grumman	349.12	97.1%	60,777	64,818	28,262	4,268	15.1%	31,067	4,824	15.5%	2.29x	15.2x	2.09x	13.4x
BAE Systems	8.16	85.2%	26,002	27,243	26,351	3,151	12.0%	27,360	3,306	12.1%	1.03x	8.6x	1.00x	8.2x
Median		94.6%	\$64,055	\$65,831	\$31,747	\$4,964	14.6%	\$35,063	\$5,477	15.0%	2.06x	13.4x	1.96x	12.3x

Defense Systems	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Safran	\$105.93	93.1%	\$46,177	\$44,353	\$25,118	\$4,249	16.9%	\$26,599	\$4,903	18.4%	1.77x	10.4x	1.67x	9.0x
L3 Technologies	208.00	95.1%	16,283	19,035	9,990	1,346	13.5%	10,504	1,463	13.9%	1.91x	14.1x	1.81x	13.0x
Huntington Ingalls Industries	257.76	93.2%	11,539	12,117	7,533	1,219	16.2%	7,749	1,223	15.8%	1.61x	9.9x	1.56x	9.9x
FLIR	50.01	94.6%	6,947	6,849	1,752	440	25.1%	1,841	476	25.9%	3.91x	15.6x	3.72x	14.4x
Cobham	1.73	81.8%	4,103	4,623	2,674	397	14.9%	2,682	432	16.1%	1.73x	11.6x	1.72x	10.7x
Kongsberg Gruppen	24.13	99.9%	2,884	2,934	1,909	215	11.3%	2,160	269	12.4%	1.54x	13.6x	1.36x	10.9x
Cubic	63.60	96.1%	1,731	1,970	1,551	135	8.7%	NA	NA	NA	1.27x	14.6x	NA	NA
AeroVironment	45.51	77.1%	1,068	847	324	18	5.6%	355	44	12.3%	2.62x	NM	2.38x	19.3x
Median		93.9%	\$5,525	\$5,736	\$2,291	\$419	14.2%	\$2,682	\$476	15.8%	1.75x	13.6x	1.72x	10.9x

Defense Electronics / Comm.	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Harris	\$161.28	98.0%	\$19,149	\$22,646	\$6,271	\$1,509	24.1%	\$6,722	\$1,645	24.5%	3.61x	15.0x	3.37x	13.8x
Teledyne	187.17	92.9%	6,682	7,684	2,780	488	17.6%	2,897	514	17.7%	2.76x	15.7x	2.65x	14.9x
Viasat	65.72	81.9%	3,870	4,732	1,785	279	15.6%	2,322	541	23.3%	2.65x	17.0x	2.04x	8.8x
Mercury Systems	48.32	87.9%	2,331	2,299	531	124	23.4%	599	143	23.8%	4.33x	18.6x	3.84x	16.1x
Ultra Electronics	19.41	62.3%	1,461	1,562	1,053	195	18.5%	1,128	204	18.1%	1.48x	8.0x	1.38x	7.6x
Kratos Defense & Security Solutions	10.29	73.9%	1,065	1,230	646	55	8.5%	717	71	9.9%	1.90x	22.4x	1.71x	17.3x
Comtech Telecommunications	29.89	95.2%	706	860	595	73	12.3%	627	NA	NA	1.44x	11.7x	1.37x	NA
Median		87.9%	\$2,331	\$2,299	\$1,053	\$195	17.6%	\$1,128	\$359	20.7%	2.65x	15.7x	2.04x	14.4x

Homeland Security	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Smiths Group	\$21.24	89.2%	\$8,407	\$9,793	\$4,572	\$963	21.1%	\$4,780	\$1,001	20.9%	2.14x	10.2x	2.05x	9.8x
MSA Safety Incorporated	83.24	95.3%	3,182	3,531	1,332	276	20.7%	1,388	302	21.7%	2.65x	12.8x	2.54x	11.7x
OSI Systems, Inc.	65.27	67.5%	1,241	1,472	1,062	171	16.1%	1,126	194	17.3%	1.39x	8.6x	1.31x	7.6x
American Outdoor Brands	10.32	42.1%	559	758	612	82	13.4%	NA	NA	NA	1.24x	9.2x	NA	NA
Median		78.4%	\$2,212	\$2,501	\$1,197	\$224	18.4%	\$1,388	\$302	20.9%	1.76x	9.7x	2.05x	9.8x

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

Public Company Trading Analysis, cont.⁽¹⁾

(\$ in millions, except per share amounts)

Government Technology Solutions	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Leidos Holdings	\$65.40	93.3%	\$9,918	\$12,652	\$10,473	\$1,090	10.4%	\$10,867	\$1,156	10.6%	1.21x	11.6x	1.16x	10.9x
Booz Allen Hamilton	38.72	96.2%	5,617	7,160	6,477	599	9.3%	6,886	662	9.6%	1.11x	11.9x	1.04x	10.8x
CACI International	151.35	94.9%	3,727	4,824	4,530	398	8.8%	4,680	410	8.8%	1.06x	12.1x	1.03x	11.8x
SAIC	78.80	89.0%	3,370	4,250	4,561	334	7.3%	4,725	354	7.5%	0.93x	12.7x	0.90x	12.0x
ManTech International	55.47	89.1%	2,176	2,198	1,920	160	8.4%	2,058	171	8.3%	1.14x	13.7x	1.07x	12.9x
ICF International	58.45	94.3%	1,088	1,283	1,267	123	9.7%	1,332	132	9.9%	1.01x	10.5x	0.96x	9.7x
Engility Holdings	24.40	68.5%	899	1,834	1,871	168	9.0%	1,900	170	9.0%	0.98x	10.9x	0.97x	10.8x
VSE Corporation	51.72	86.3%	561	755	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vectrus, Inc.	37.24	89.8%	414	414	1,240	55	4.4%	1,269	56	4.4%	0.33x	7.6x	0.33x	7.4x
KeyW	7.86	74.9%	387	636	506	46	9.1%	525	50	9.5%	1.26x	NM	1.21x	12.7x
Median		89.5%	\$1,632	\$2,016	\$1,920	\$168	9.0%	\$2,058	\$171	9.0%	1.06x	11.8x	1.03x	10.9x

Engineering & Construction	Stock Price 03/30/18	% of 52 Week High	Market Cap	Enterprise Value	CY2018E			CY2019P			EV / CY2018E		EV / CY2019P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Jacobs Engineering	\$59.15	81.9%	\$8,380	\$10,006	\$15,362	\$1,045	6.8%	\$15,987	\$1,001	6.3%	0.65x	9.6x	0.63x	10.0x
AECOM	35.63	89.3%	5,671	8,987	19,913	982	4.9%	20,782	1,130	5.4%	0.45x	9.2x	0.43x	7.9x
Babcock International	9.39	64.9%	4,742	6,708	7,773	973	12.5%	8,117	1,015	12.5%	0.86x	6.9x	0.83x	6.6x
Tetra Tech	48.95	91.7%	2,734	3,009	2,151	247	11.5%	2,279	268	11.7%	1.40x	12.2x	1.32x	11.2x
KBR	16.19	74.6%	2,271	2,332	4,287	327	7.6%	4,606	353	7.7%	0.54x	7.1x	0.51x	6.6x
Median		81.9%	\$4,742	\$6,708	\$7,773	\$973	7.6%	\$8,117	\$1,001	7.7%	0.65x	9.2x	0.63x	7.9x

(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
03/29/18	Melrose Industries plc	GKN plc	Provides design, development, and manufacturing of aerospace and defense products as well as automotive and agrotechnical components	\$11,100.0	\$12,240.0	\$903.0	7.4%	0.91x	12.3x	
03/22/18	Consolidated Machine & Tool Holdings, LLC (White Wolf Capital)	LCP Machine, Inc.	Provides CNC precision machining serving a number of industries, including aerospace, defense, energy, and industrial	NA	NA	NA	NA	NA	NA	NA
03/22/18	CPI Aerostructures, Inc.	Welding Metallurgy, Inc. (subsidiary of Air Industries Group, Inc.)	Provides specialty welded products and assemblies, large diameter tube bending, and integrated electronic assemblies to defense and aerospace markets	9.0	NA	NA	NA	NA	NA	NA
03/22/18	Elbit Systems, Ltd.	Universal Avionics Systems Corp.	Provides integrated flight management systems and navigation management systems, navigation sensors, flight recorders, and cabin display systems	NA	NA	NA	NA	NA	NA	NA
03/22/18	Hanover Partners	Blast Deflectors, Inc.	Provides jet blast deflectors ground run-up enclosures, and end-around taxiway screens for aviation infrastructure applications	NA	NA	NA	NA	NA	NA	NA
03/19/18	TransDigm Group, Inc.	Extant Components Group Holding, Inc.	Provides proprietary, aftermarket products as well as repair and overhaul services for aerospace and defense markets	525.0	85.0	NA	NA	6.18x	NA	NA
03/19/18	Phoenix East Aviation (Renovus Capital)	Superior Flight School, Inc.	Provides commercial pilot training for private, instrument, commercial, tailwheel and multi-engine certificates	NA	NA	NA	NA	NA	NA	NA
03/12/18	TransDigm Group, Inc.	Esterline Corporation's Kirkhill Elastomers	Provides highly engineered aerospace elastomers commercial transport airframes as well as defense aerospace applications	50.0	90.0	NA	NA	0.56x	NA	NA
03/12/18	CPI International Inc. (Odyssey Investment Partners)	Viasat's Large-Diameter GEO Satcom Antenna Product Line	Provides limited motion antennas, all designed for multi-band operation at various frequency bands	NA	NA	NA	NA	NA	NA	NA
03/12/18	Elbit Systems, Ltd.	Israel Military Industries, Ltd.	Provides arms, ammunition, explosives and propellants, military support systems and equipment, and aircraft accessories as well as develops remote-control mobile robots	540.0	NA	NA	NA	NA	NA	NA
03/06/18	Ensign-Bickford, Inc.	Avior Control Technologies, Inc.	Provides custom, space-rated motors, gearboxes, dampers, transducers, and actuators for the space and aerospace industries	NA	NA	NA	NA	NA	NA	NA
03/01/18	Microchip Technology, Inc.	Microsemi Corp.	Provides semiconductor and system solutions for aerospace & defense, communications, data center, and industrial markets	10,150.0	1,845.0	555.3	30.1%	NA	NA	NA
03/01/18	Compagnie de Saint-Gobain S.A.	HyComp, LLC (subsidiary of SMS Group GmbH)	Provides proprietary components for the aerospace and industrial markets	NA	NA	NA	NA	NA	NA	NA
03/01/18	Securitas Defense & Security, Inc.	Kratos Defense & Security Solutions' Public Safety & Security Business	Provides independent integrated solutions for advanced homeland security, public safety, critical infrastructure, and security and surveillance systems	70.0	149.9	9.8	6.6%	0.47x	7.1x	
03/01/18	Aeromet International Ltd.	Stone Foundries (Subsidiary of Langham Industries)	Provides high integrity aluminum and magnesium, sand, and investment castings	NA	NA	NA	NA	NA	NA	NA
02/27/18	Heroux-Devtek, Inc.	Beaver Aerospace & Defense Inc.	Provides custom ball screws as well as designs, manufactures, assembles, and tests electromechanical actuators	23.5	30.0	NA	NA	0.78x	NA	NA
02/27/18	Applied Composites Holdings, LLC	San Diego Composites, Inc.	Provides materials and structures technology, product development, testing, and production services to the aerospace and defense community	NA	NA	NA	NA	NA	NA	NA
02/27/18	Santa Barbara Infrared, Inc. (Subsidiary of HEICO Corp.)	Sensor Technology Engineering, Inc. (SensorTech)	Provides nuclear radiation detectors for law enforcement, homeland security, and military applications	NA	NA	NA	NA	NA	NA	NA
02/22/18	TT Electronics plc	Stadium Group plc	Provides electronic, interface, and power solutions for the military and commercial sectors, with applications in land vehicles, ship infrastructure, and aviation controls	64.0	NA	NA	NA	NA	NA	NA
02/22/18	Modern Aviation (Tiger Infrastructure Partners)	Air Wilmington	Provides fueling, hangar storage, and MRO services to general aviation, military, and commercial airlines and is the sole fixed base operator at Wilmington International Airport	NA	NA	NA	NA	NA	NA	NA
02/20/18	Curtiss-Wright Corp.	Dresser-Rand Government Business of Siemens Government Technologies	Provides mission-critical, high-speed equipment solutions for naval platforms and programs	212.5	NA	NA	NA	NA	NA	NA
02/20/18	Behrman Capital	Corfin Industries, LLC	Provides microelectronics component preparation services for defense, commercial aerospace, space, and healthcare industries	NA	NA	NA	NA	NA	NA	NA
02/15/18	The MEL Group	EDS Engineering Ltd.	Provides precision engineering, manufacturing components for aerospace, defense, and other industries	NA	NA	NA	NA	NA	NA	NA
02/14/18	SemiConductor Devices (Rafael Advanced Defense Systems and Elbit Systems)	Quantum Imaging, Inc.	Provides camera solutions for high-performance imaging applications for a range of military, industrial, and scientific industries	NA	NA	NA	NA	NA	NA	NA
02/13/18	Solair Group, LLC (Clavis Capital Partners)	JetMac	Provides ground support equipment products, services, and solutions	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	EBITDA
02/13/18	Magal Security Systems, Ltd.	ESC BAZ Ltd. (55% controlling interest)	Provides military-grade smart security video observation and surveillance systems	NA	NA	NA	NA	NA	NA	NA
02/12/18	General Dynamics Corp.	GPS Source, Inc.	Provides precise timing distribution, GPS, and GNSS solutions for both commercial and military markets	\$35.0	NA	NA	NA	NA	NA	NA
02/09/18	Meta Aerospace Capital (Oaktree Capital)	AGC Integrated Defense Holdings, LLC	Provides manned airborne reconnaissance work for the DoD and other strategic intelligence customers using modified King Air aircraft	NA	NA	NA	NA	NA	NA	NA
02/08/18	Domaille Engineering, LLC (Thompson Street Capital Partners and Onward Capital)	Tech Manufacturing, LLC	Provides complex five-axis structural aerospace parts and specializes in CNC precision machining	NA	NA	NA	NA	NA	NA	NA
02/08/18	CopaSAT, LLC	Eclipse Composite Engineering, LLC	Provides lightweight military-grade SATCOM antenna technology	NA	1.5	NA	NA	NA	NA	NA
02/08/18	First Israel Mezzanine Investors (FIMI)	Aitech Rugged Group, Inc.	Provides embedded computing subsystems and modules for defense, aerospace, and space electronic markets	NA	NA	NA	NA	NA	NA	NA
02/05/18	Holder Family Investments, LLC	Air Transport Components, LLC	Provides repair and overhaul services for components and accessories for commercial and military air transport aircraft	NA	NA	NA	NA	NA	NA	NA
02/01/18	Charlesbank Capital Partners	Galls, LLC	Provides uniforms and equipment to law enforcement and military markets	NA	NA	NA	NA	NA	NA	NA
02/01/18	Park-Ohio Industries, Inc.	Canton Drop Forge, Inc.	Provides forging for aerospace, locomotive, and heavy industrial applications	NA	NA	NA	NA	NA	NA	NA
02/01/18	Viavi Solutions, Inc.	Cobham plc's Test and Measurement Business	Provides land-mobile radio and avionics test solutions for military, public safety, and aviation markets	455.0	200.0	NA	NA	2.28x	NA	NA
02/01/18	PrimeFlight Aviation Services, Inc. (The Carlyle Group)	Ultimate Aircraft Deicing business of Ultimate Aircraft Appearance	Provides deicing services for airlines, including Asiana, China Airlines, El Al, Korean Air, Singapore Airlines, Atlas, DHL and NCA	NA	NA	NA	NA	NA	NA	NA
02/01/18	AMETEK, Inc.	FMH Aerospace Corp	Provides complex, highly-engineered solutions for aerospace, defense, and space industries	235.0	50.0	NA	NA	4.70x	NA	NA
01/30/18	Kaneka Aerospace	Henkel Corporation's Composites Portfolio	Provides high performance benzoxazine-based composites for aerospace applications	NA	NA	NA	NA	NA	NA	NA
01/26/18	General Atomics Corp.	Xagenic, Inc.	Provides molecular diagnostic systems for microelectronics, advanced sensors, and signal processing technologies for defense applications	NA	NA	NA	NA	NA	NA	NA
01/26/18	Nammo AS	MAC, LLC	Provides lightweight polymer cartridge cases for small and medium caliber ammunition	NA	NA	NA	NA	NA	NA	NA
01/24/18	Celestica, Inc.	Atrenne Integrated Solutions	Provides ruggedized electromechanical solutions serving military and commercial aerospace applications	139.0	NA	NA	NA	NA	NA	NA
01/24/18	GTCR, LLC	EaglePicher Technologies, LLC	Provides specialized batteries and advanced power management systems power solutions for customers in the defense, aerospace, and medical end-markets	NA	NA	NA	NA	NA	NA	NA
01/19/18	Tri-Tech Forensics, Inc. (Point Lookout Capital Partners)	Rescue Essentials	Provides customized trauma and medical kits, tactical EMS packs & pouches, and first responder trauma gear and equipment for law enforcement and defense customers	NA	NA	NA	NA	NA	NA	NA
01/17/18	George Industries, LLC	Numerical Precision	Provides close-tolerance, high reliability components for satellites, aircraft, and other aerospace and defense programs	NA	NA	NA	NA	NA	NA	NA
01/16/18	APCT Holdings	Cartel Electronics, Inc.	Provides prototype and quick-turn rigid printed circuit boards for commercial and military applications	NA	NA	NA	NA	NA	NA	NA
01/16/18	Goff Capital, Inc.	Omega Research, Inc.	Provides engineering and testing, serving the metal finishing and processing for aircraft and aerospace related plating processes	NA	NA	NA	NA	NA	NA	NA
01/11/18	Armor Express, Inc.	KDH Defense Systems	Produces a variety of tactical vests, body armor, and other related products and accessories	NA	NA	NA	NA	NA	NA	NA
01/10/18	Leading Edge Aviation Services, Inc.	Pro Air Services, Inc.	Provides fixed-base operator, maintenance, avionics, and flight school services	NA	NA	NA	NA	NA	NA	NA
01/09/18	NTC Group, Inc.	Tenax Aerospace, LLC	Provides leasing for special mission aircraft to U.S. Government agencies	220.0	NA	NA	NA	NA	NA	NA
01/09/18	ZRODelta	Critical Capabilities, LLC	Provides original equipment manufacturer supply-chain management solutions for firearm parts	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 Government Technology Solutions M&A⁽¹⁾

(\$ in millions)

Announce Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM	
								Rev.	EBITDA
03/27/18	Superior, LLC	Public Safety Corporation	Provides technology and technology-enabled services focused on state and local government public safety projects and programs	NA	NA	NA	NA	NA	NA
03/12/18	StereoVision, Inc.	Digital Signal Corporation	Provides three-dimensional facial recognition systems	NA	NA	NA	NA	NA	NA
02/27/18	By Light Professional IT Services, Inc.	Axom Technologies Inc.	Provides IT services to defense, intelligence, and homeland security agencies	NA	NA	NA	NA	NA	NA
02/23/18	KBRwyle Technology Solutions, LLC	Stinger Ghaffarian Technologies, Inc. (SGT)	Provides engineering, mission operations, and IT solutions to the U.S. Federal Government for space, national security, and civilian operations	\$355.0	NA	NA	NA	NA	NA
02/22/18	Cubic Corporation	MotionDSP Inc.	Provides real-time video enhancement software and 2-D mapping software solutions	NA	NA	NA	NA	NA	NA
02/22/18	Patriot Defense Group	Innovative Logistics, LLC	Provides expeditionary logistics services to elements of the U.S. Special Operations Command	NA	NA	NA	NA	NA	NA
02/14/18	Veritas Capital	U.S. Public Sector Business of PWC	Provides federal, state, and local governments with business risk management, financial, and program management services	NA	NA	NA	NA	NA	NA
02/14/18	Arlington Capital Partners	Integrity Applications Incorporated	Provides systems engineering, integrated solutions, technical analysis, and subject matter expertise in the intelligence and defense communities	NA	NA	NA	NA	NA	NA
02/12/18	General Dynamics Corp.	CSRA, Inc.	Provides IT solutions and professional services to Federal Government customers to modernize IT systems and enhance mission-critical functions	9,871.1	\$5,064.0	\$841.3	8.5%	1.95x	11.7x
02/07/18	Fulcrum IT Services	The PTR Group	Provides software development, prototype development, consulting, and training to assist commercial companies and government agencies	NA	NA	NA	NA	NA	NA
02/02/18	PAE, Inc.	Macfadden & Associates, Inc.	Provides international disaster response operational support services	NA	NA	NA	NA	NA	NA
01/31/18	On Assignment, Inc.	ECS Federal, Inc.	Provides artificial intelligence, cyber security, cloud computing, DevOps, and IT modernization to commercial and government customers	775.0	NA	NA	NA	NA	NA
01/29/18	USfalcon, Inc.	RGS Associates ⁽²⁾	Provides high-end IT, strategy, and human capital management services aimed at optimizing and modernizing critical government functions	NA	NA	NA	NA	NA	NA
01/23/18	Vectrus	Sentel Corp.	Provides information services for spectrum management systems, sensor networks, perimeter surveillance systems, and other detection systems	36.0	NA	NA	NA	NA	NA
01/08/18	Celero Strategies	CGR Associates	Provides market research, strategic planning, acquisition search, and program and budget analysis	NA	NA	NA	NA	NA	NA
01/08/18	Cytera Technologies	Immunity Inc.	Provides offense-oriented systems vulnerability research, exploit development, and penetration testing services	NA	NA	NA	NA	NA	NA
01/08/18	HKW Capital Partners	GCR, Inc.	Provides vertical specific software and services to state and local governments	NA	NA	NA	NA	NA	NA
01/02/18	BlueCross BlueShield of South Carolina, Inc.	Karna LLC	Provides IT consulting, support services to the public health sector, management consulting, communications, and laboratory support services to the government	NA	NA	NA	NA	NA	NA
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
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
12/01/17	Xator Corporation	Merlin International's Professional Services Business	Provides next generation cybersecurity solutions that protect government and commercial organizations	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
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
11/14/17	Intelligent Waves LLC	VMI Technology and Associated IP of Hypori	Provides a certified mobile virtualization option for use in the U.S. government	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

(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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