

MarketView

Spring 2020

Aerospace / Defense &
Government Services

Kipps DeSanto
INVESTMENT BANKING



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KippsDeSanto & Co. has joined forces with Capital One



Capital One & KippsDeSanto are both values driven companies. By bringing our teams together, we are able to add scale and significant expertise to our growing M&A advisory services group which will benefit clients in a wide variety of industries

A leading, diversified Commercial Bank

9th

Largest bank based on U.S. deposits

- \$390 billion in assets
- \$259 billion in loans
- \$263 billion in deposits
- Operations in 15 U.S. cities, Canada and the U.K.



Dedicated Aerospace / Defense and Tech Solutions Underwriting Expertise

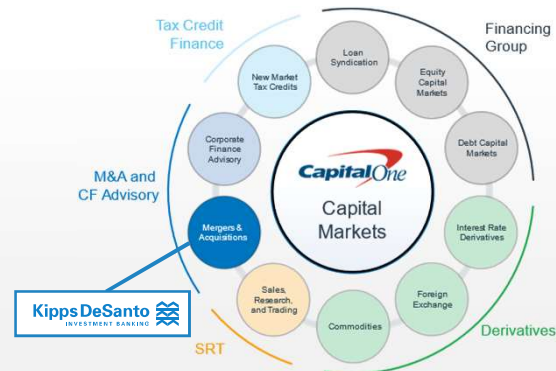


>175 Private Equity Portfolio Company Borrowers



- 3,000 Associates
- \$74B of Corporate Loans Outstanding
- \$2.5B Commercial Bank Revenue

Capability to offer a full suite of financial products and services



About KippsDeSanto & Co.

KippsDeSanto & Co is an investment banking firm focused on serving growth-oriented Aerospace / Defense, Government Services and Technology companies. We are focused on delivering exceptional M&A and financing transaction results to our clients via leveraging our scale, creativity and industry experience. We help market leaders realize their full strategic value. Having advised on over 100 industry transactions, KippsDeSanto is recognized for our analytical rigor, market insight, and broad industry relationships. There's no substitute for experience.

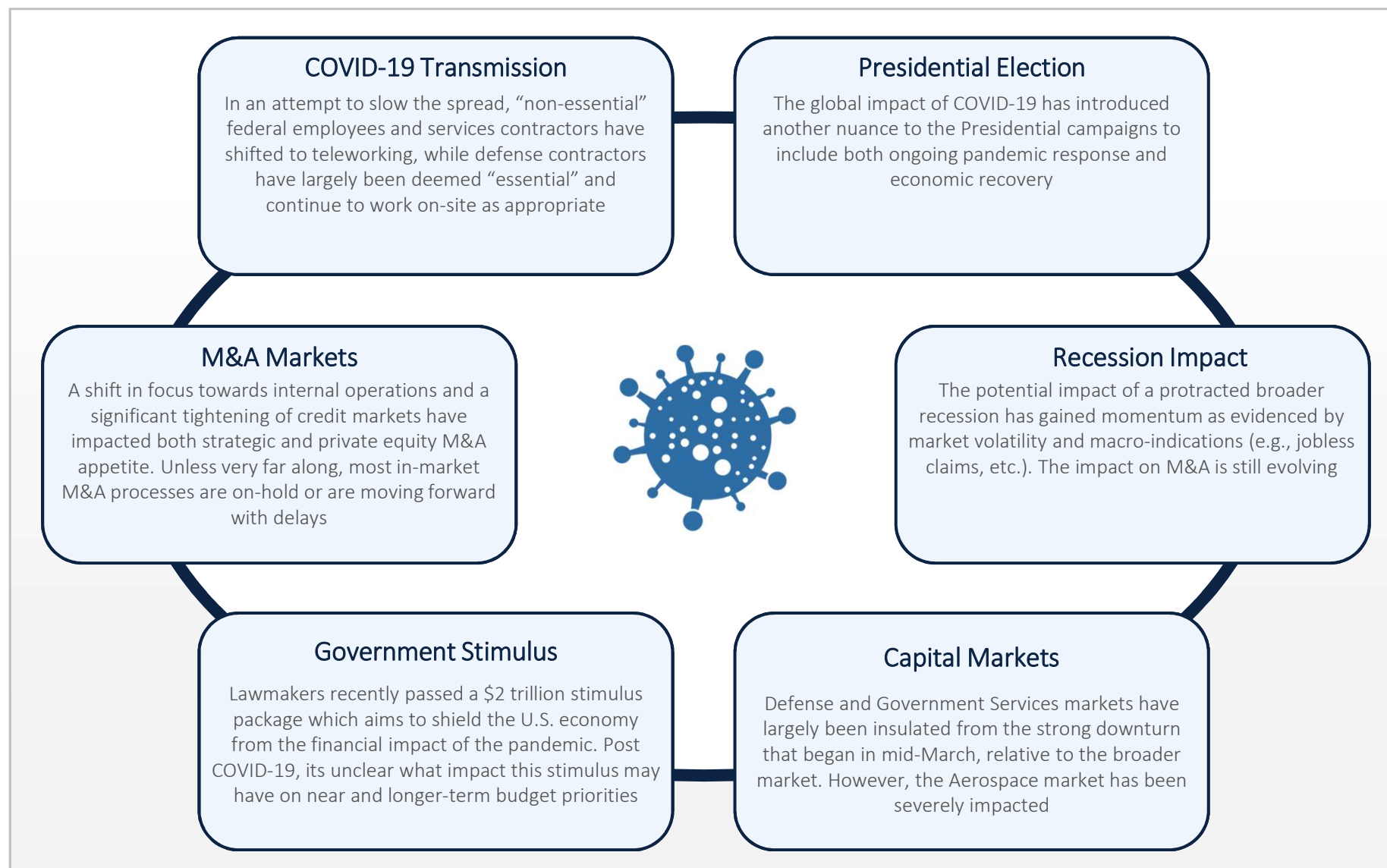
For more information, visit www.kippsdesanto.com

2019 – 2020YTD KippsDeSanto Advised Transactions

KippsDeSanto has closed five deals in 1Q2020 – three deals in March alone – despite recent market turbulence

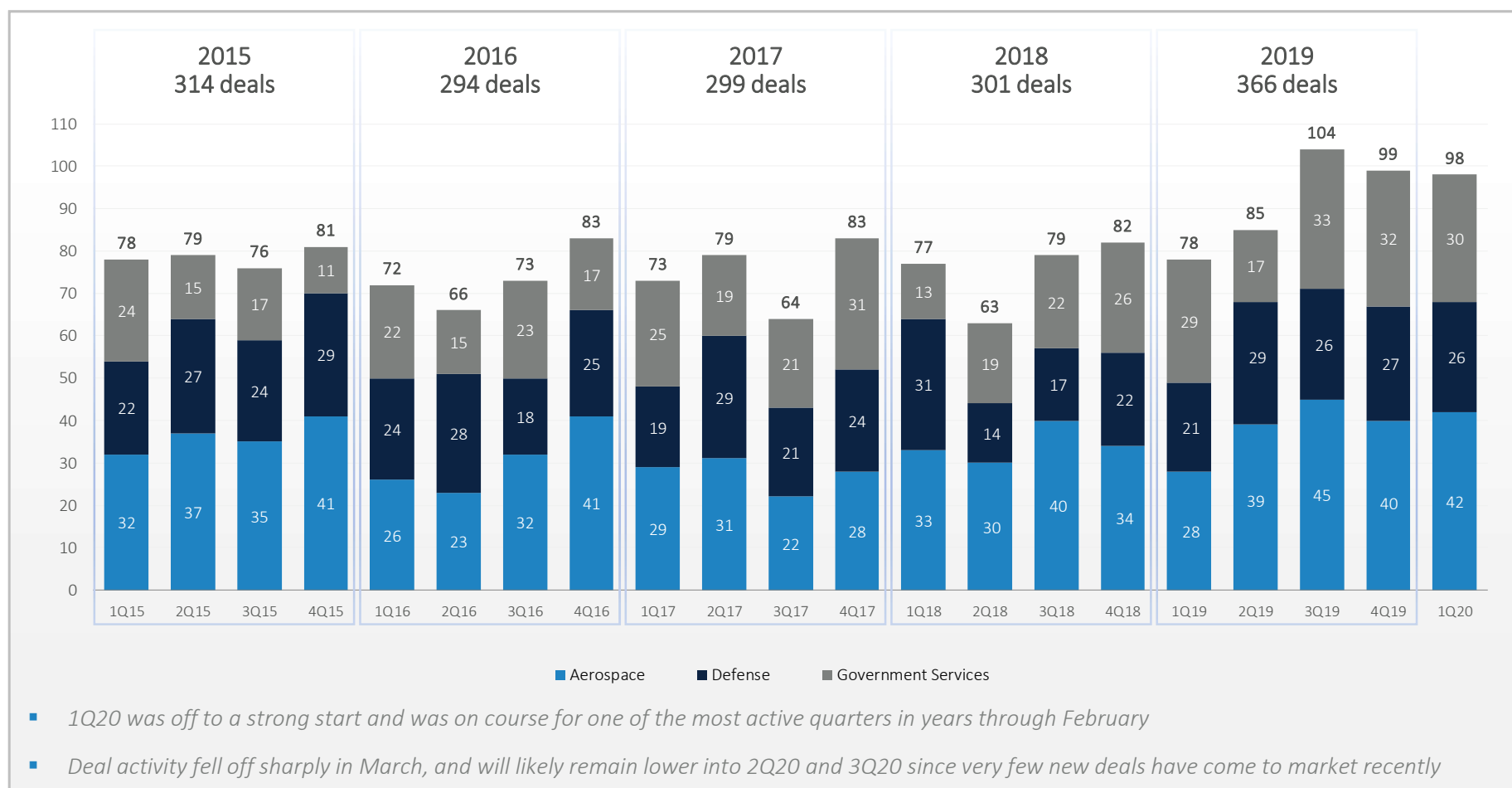
<p>March 2020</p>  <p>has been acquired by</p> 	<p>March 2020</p>  <p>has received an investment by</p> 	<p>February 2020</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>January 2020</p>  <p>has been acquired by</p>  <p>to form</p>  <p>a portfolio company of</p> 	<p>December 2019</p>  <p>has been recapitalized by</p> 	<p>October 2019</p>  <p>a portfolio company of</p> <p>J.F. Lehman & Company</p> <p>has acquired</p> 	<p>October 2019</p>  <p>has been acquired by</p> 	<p>October 2019</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 
<p>September 2019</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>September 2019</p>  <p>has been acquired by</p> 	<p>August 2019</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>August 2019</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>August 2019</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>July 2019</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>July 2019</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>July 2019</p>  <p>has been acquired by</p> 
<p>June 2019</p>  <p>has been recapitalized by</p> 	<p>June 2019</p>  <p>has acquired</p> 	<p>June 2019</p>  <p>a subsidiary of</p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>April 2019</p>  <p>a subsidiary of</p>  <p>has been acquired by</p> 	<p>April 2019</p>  <p>has been acquired by</p> 	<p>April 2019</p>  <p>a subsidiary of</p>  <p>has been acquired by</p> 	<p>February 2019</p>  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>has been acquired by</p> 	<p>December 2018</p>  <p>has been acquired by</p> 

Aerospace, Defense, & Government Services COVID-19 Impact



M&A Trends & Activity

Heightened deal activity in 2H19 continued through most of 1Q20, demonstrating acquirers' continued reliance on M&A to supplement organic growth, penetrate new customers and geographies, and bolster coveted capabilities; however, activity slowed towards the end of the quarter, which may ripple through 2Q20. Over 50% of transactions in 1Q20 involved Private Equity or Private Equity Backed buyers, reflecting sponsors' growing interest and activity in the space; however, tightening credit markets are expected to slow activity. Additionally, strategic buyers are being even more selective as they focus on business continuity, and shoring up their own balance sheets.



Source: CapitalIQ, DACIS, and KippsDeSanto research

M&A Trends & Activity, cont.

Private equity funds have raised high volumes of capital over the past year that remain available to deploy; however, tightened financing markets act as a governor on their ability to remain aggressive

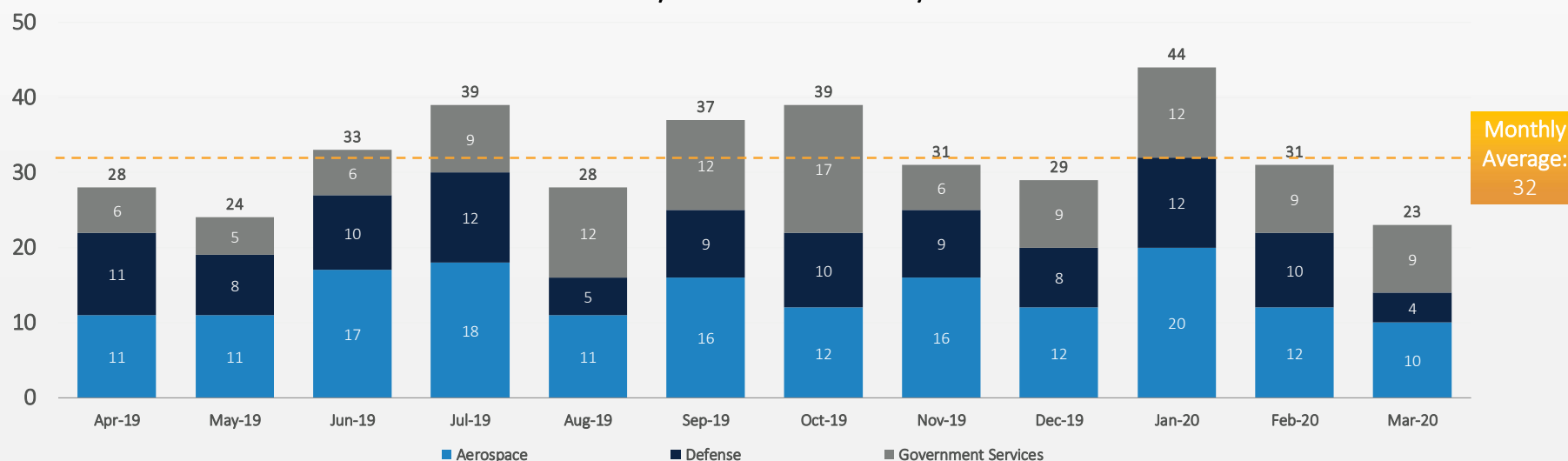
- Lenders have been conservative on their willingness to fund new M&A opportunities – pricing and upfront fees have meaningfully increased for the deals that are being financed
- Many financial sponsors have instructed their portfolio companies to draw on existing lines of credit to put cash on the balance sheet to weather any unanticipated COVID-19 impacts
- Due diligence processes and activities are expected to take longer given the broader market uncertainty

Public strategic buyers are being particularly selective around new M&A opportunities. They have narrowed their focus on business continuity amidst the volatility of public pricing and cost of capital

- The planned merger between aerospace suppliers Hexcel and Woodward has been mutually terminated due to the implications of COVID-19 and the need for each company to remain focused on near-term operational performance

Many M&A deal launches have been postponed until access to loans becomes more widely available

Monthly M&A Deal Count by Sector



Debt Capital Markets

Impact of COVID-19 on Debt Capital Markets

Financial markets remain hindered by the market uncertainty and volatility. The federal government is expected to provide assistance through the use of credit facilities to businesses, particularly small businesses, heavily impacted by the current economic state

- Lenders and nontraditional capital sources have required increasingly higher returns
- Coupled with the Federal Reserve's rate cut, credit spreads have been driven up to the highest levels since 2009

Tighter capital markets has filtered through to the M&A environment slowing processes and preventing some potential buyers from aggressively engaging pursuit in active opportunities

U.S. Leveraged Loan 100 Index



U.S. High Yield Index Option-Adjusted Spread



Highlighted 1Q20 Industry Transactions



has agreed to acquire
Health Division of



DXC.technology

EV: \$4.5B

EV / Revenue: 3.15x

EV / EBITDA: ND

- The acquisition was the first step of DXC's recently formed initiative to place a heavier emphasis on its enterprise technology stack
- Veritas plans to further develop DXC's technologically advanced healthcare solutions to position the company as a leader in a highly complex market



has acquired
Security Detection and
Automation Business Unit of



EV: \$1.0B

EV / Revenue: 2.00x

EV / EBITDA: ND

- Leidos will look to leverage L3Harris's security platform to accelerate growth / innovation through the strategic use of the companies' complementary technology / product sets
- The acquisition also expands Leidos' customer base into 75 additional countries

BAE SYSTEMS

**has entered into a
definitive asset purchase
agreement to acquire**

GPS Business of



**Collins
Aerospace**

EV: \$1.6B⁽¹⁾

EV / Revenue: 4.70x

EV / EBITDA: 14.1x

- At the time of the acquisition, BAE Systems announced that it would be simultaneously acquiring Raytheon's Airborne Tactical Radios division
- The acquisition is expected to strengthen their defense electronics / communications position



has acquired



EV: \$1.0B⁽²⁾

EV / Revenue: 1.49x

EV / EBITDA: 10.5x

- The acquisition supports SAIC's journey to become the leading IT modernization provider to the U.S. government
- Post-close, SAIC expects to experience compelling financial benefits, including accretion of adjusted EBITDA margins, non-GAAP EPS, and cash generation

StanleyBlack&Decker

**has agreed to
acquire**



a portfolio company of

TINICUM

EV: \$1.5B

EV / Revenue: 4.00x

EV / EBITDA: ND

- Stanley Black & Decker believes Consolidated Aerospace Manufacturing ("CAM") will play a significant role in the growth of their Industrial business and company overall
- The deal is contingent on the Boeing 737 Max returning to service, as well as production quotas defined by Stanley Black & Decker



has acquired



EV: ND

EV / Revenue: ND

EV / EBITDA: ND

- CGI will use the transaction to strengthen its enterprise application development / management services, including agile and data analytics
- Additionally, the acquisition will significantly increase the scale of support provided by CGI Federal to all three branches of government

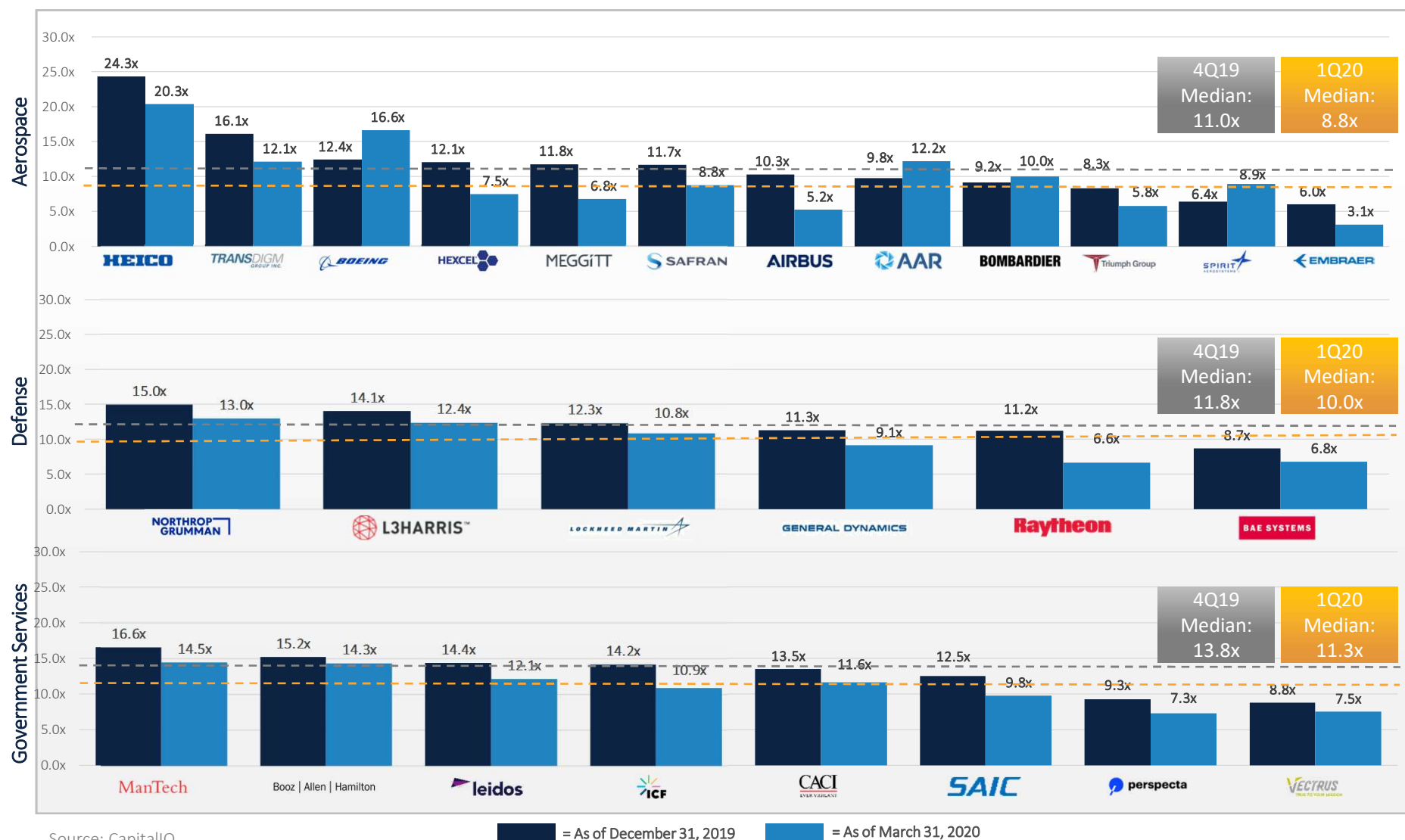
Note: ND = Not Disclosed

(1) Financial metrics for BAE Systems' acquisitions of Collins Aerospace's GPS business are calculated net of \$365M of NPV of tax assets

(2) Financial metrics for SAIC's acquisition of Unisys are calculated net of \$175M of NPV of tax assets

EV / NTM EBITDA Public Market Valuation Trends⁽¹⁾

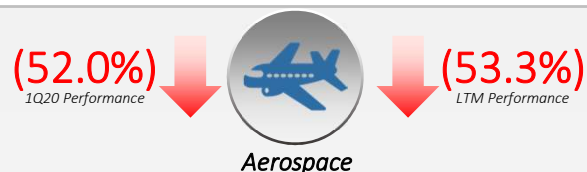
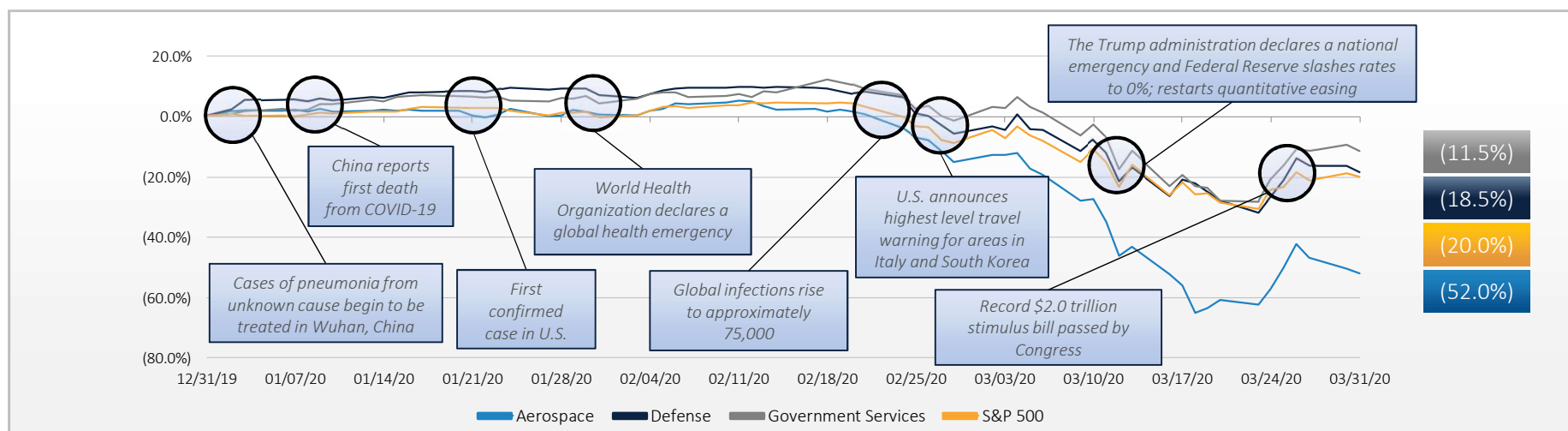
Public market valuations felt the impact of the COVID-19 pandemic with NTM EBITDA multiples for aerospace, defense, and government services indices dropping from record levels at the end of 2019



Source: CapitalIQ

Equity Capital Markets Performance

Despite recent market turbulence caused by the global COVID-19 pandemic, the Government Services index has shown LTM returns of 18.5% driven by strong historical performance, business continuity throughout the COVID-19 response, and inherent growth in technology solutions spending, specifically around technology and modernization efforts



The commercial aerospace market has been **significantly impacted by the COVID-19 pandemic**, with global and domestic travel restrictions dramatically reducing the number of airline passengers

Adding to **Spirit AeroSystems ailments due to the 737 MAX production issues**, the COVID-19 pandemic pushed the Company's stock to drop **67.2% over the quarter**



Defense stocks outperformed the broader market as a result of many companies / services in the sector being **deemed essential and therefore less impacted by the global pandemic** than the overall market

Backtracking from previous quarter gains, Raytheon's stock slid **40.3% in 1Q20** ahead of the Company's **anticipated merger with UTC**



The government services index **outpaced the S&P 500 by 8.5%+**, driven by a strong start to 1Q20 followed by many companies' ability to continue to earn federal, state, and local dollars by having their workforce work remotely from home

VSE saw the index's steepest decline during the quarter, seeing a price decline of **56.9%** in 1Q20, while Booz Allen Hamilton rebounded well from the initial shock, only dropping **3.5%** in 1Q20

Aerospace Update

Commercial Airlines Short on Cash / Liquidity Amid Global COVID-19 Pandemic



Global and domestic travel restrictions due to the COVID-19 pandemic are significantly reducing the number of commercial airline passengers, causing a massive liquidity across the airline industry

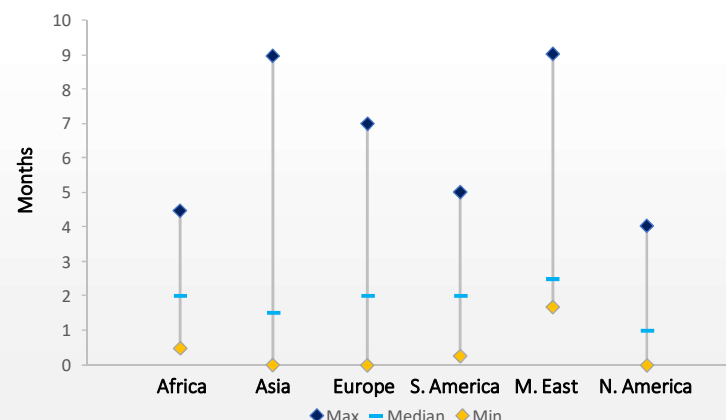


Lawmakers and taxpayers have shown little sympathy for the industry in light of the massive stock buy-back programs many of the leading airline industry companies have implemented over the last 10 years



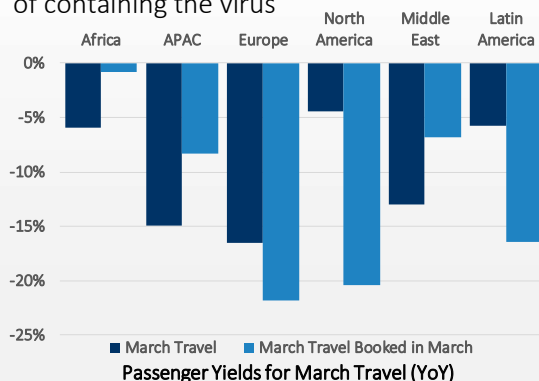
In order to shore up financial markets and save the global economy, the government has passed a \$2.0 trillion stimulus package, which includes \$29.0 billion in airline grants and another \$29.0 billion in low-cost loans, which places limits on involuntary employee furloughs and stock buy-backs

Balance Sheet Liquidity



Contracting Passenger Yields

Passenger yields are down sharply, as airlines are **unable to fill seats** by discounting prices due to COVID-19. Additionally, countries across the globe are **shutting down borders**, thus cancelling international flights in hopes of containing the virus



Some Major Aircraft Manufacturers Briefly Suspended Production

To slow the spread of COVID-19, **several major aircraft manufacturers** have announced that they will **suspend production**

AIRBUS

Airbus **briefly suspended production** for a week, until it decided to resume it on March 23rd at a **slower rate**

BOEING

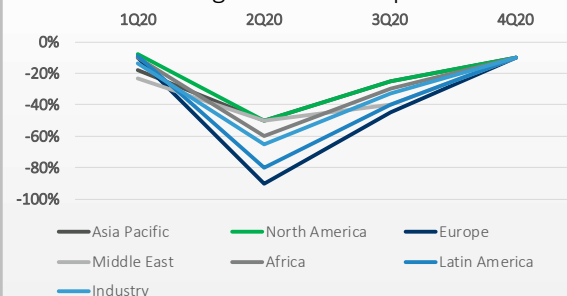
Production has halted in Puget Sound, Moses Lake, and South Carolina as Boeing is not currently producing **commercial aircraft**

BOMBARDIER

Bombardier has suspended work at most of its **operations in Canada** in support of **government mandates** until further notice

Airline Capacity Outlook Suggests V-Shaped Recovery

Three months of lock down will have a **major impact in 2Q20** on airline capacity, as restrictions imposed are assumed to continue through the second quarter



Capacity Forecast (YoY)

Post lock down presents a gradual **V-shaped recovery**

Defense Update

Defense Contractors Designated as “Critical Infrastructure” to National Security Amid Nationwide Outbreak

The U.S. Department of Defense (“DoD”) stated that defense contractors and suppliers are expected to continue normal course of business amid the outbreak of COVID-19 – as essential businesses, defense companies will be allowed to circumvent state-directed shutdowns

In a memo to industry leaders, Undersecretary of Defense for Acquisition and Sustainment Ellen Lord emphasized the need for defense companies to deliver their products and services to the Pentagon on time

The Pentagon Advances Cash Payments to Protect Defense Supply Chain

For defense contracts, the DoD will increase progress payment rates from 80% of cost to 90% of cost for large businesses and from 90% to 95% for small businesses, in order to bolster cash reserves for operations amid the ongoing pandemic

Additionally, the Defense Department is accelerating payments through several means to prime contractors and directing prime contractors to expedite payments to subcontractors, while Lockheed Martin pledged to advance \$50 million to small and medium-sized defense suppliers to ensure they have the financial means to continue to operate, sustain jobs, and support the economy

Defense Production Act to Fight COVID-19

President Trump invoked the Defense Production Act to allocate the nation’s manufacturing resources towards production of critical healthcare supplies

Originally enacted at the outbreak of the Korean War in 1950, the law provides the President with *emergency powers* to *mobilize private industry* for *national defense*



The emergency measure could spur manufacturers into action upon the request of federal agencies

FY2021 Defense Bill Continues in Congress

Congressional lawmakers committed to advancing next year’s defense authorization bill through the use of *“paper” hearings*, as COVID-19 prevents committee meetings

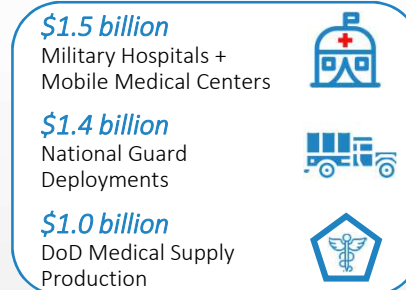
“Paper” Hearings:

- ☒ *Public Posting of All Witness Testimony*
- ☒ *Public Posting of Statements from Key Senators*
- ☒ *Public Posting of Member Questions and Witnesses*

President Trump’s FY2021 defense budget request is for \$740.5 billion for national security, \$705.4 billion of which is for the DoD

Stimulus Package Allocates \$10.5B to DoD

As part of the \$2.0 trillion COVID-19 stimulus package, the DoD received *\$10.5 billion* to combat the nationwide outbreak



The package distributed *\$1.0 billion* for the *Defense Production Act* to bolster production of critical medical supplies and equipment, including ventilators and respiratory masks

Government Services Update

Government Services World is Swiftly Adjusting to the New Normal

Amidst the mass move to telework, the federal IT workforce has rarely been more mission-critical, with the responsibility of sustaining federal government systems falling on the shoulders of agencies and their services contractors

While agencies previously viewed remote work as a tool to be used sparingly, they have now been forced to reconfigure workstreams around “maximum teleworking” policies – leading to an increased focus on cybersecurity and IT with the additional resources provided by the recently passed CARES Act and a potential boon for many government contractors

However, despite the relative success of government contracting as a whole, the Government Services M&A market, in line with broader M&A markets, has still felt a material impact from the current global crisis with the majority of strategic players pausing to prioritize internally and ensure balance sheet strength

Despite the slowdown in activity from most strategic players, private equity buyers with abundant capital to deploy are cautiously and selectively receptive to deal-making, but will be challenged to overcome the significant tightening of credit markets and general market uncertainty, which may lead to decreased valuations and deal volume, relative to recent highs

Billions in Aid to Telehealth

Lawmakers passed an estimated \$2 trillion stimulus package aimed at shielding the U.S. economy from the consequences of COVID-19



\$2 billion to the Department of Veterans Affairs to buy new devices

\$27 billion to the Department of Health and Human Services for “workforce modernization”



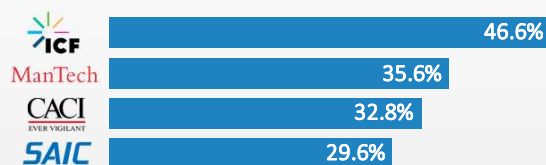
\$300 million to the DoD to “procure equipment and increase bandwidth”

Government services companies that are well-positioned within these **priority areas** and are able to maintain their pre-COVID-19 growth trajectory may become coveted M&A targets as activity rebounds

Sector has Proven Resilient Before

The **resilient nature** of the Government Services sector has often insulated companies from market shocks such as COVID-19

For example, the below chart presents stock performance of four government services companies during the Great Recession (Jan-08 – Jun-09), **relative to the S&P 500**:



While too early to judge the long-term impact of COVID-19, industry analysts and historical performance suggests the sector could be less adversely affected by the pandemic

Flight to Quality

Not unlike previous economic downturns, Government Services is becoming an increasingly **attractive market** as commercial industries slow

The desire to break into the federal market may lead to an uptick in M&A activity by **commercial** or other **non-traditional buyers** looking to capitalize on stable revenue streams and strong earnings, given the shift to **telecommuting** and subsequent need for IT across all government agencies



56.1%

2008 – 2009 / 2010 relative increase of commercial buyer Government Services M&A activity



1Q20 Aerospace Transactions

Announced Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM ⁽¹⁾	
03/16/20	Rocket Lab USA, Inc.	Sinclair Interplanetary	Provides high-quality, flight-proven spacecraft hardware, including reaction wheels and star trackers that support rapid-schedule small satellite programs	ND	ND	ND	ND	ND	ND
03/11/20	Capewell Aerial Systems, LLC (portco of Argosy Investment Partners)	Rhine Air, Inc.	Provides compressed air and electric-driven respiratory protection and fuel tank ventilating systems	ND	ND	ND	ND	ND	ND
03/11/20	AFV Partners, LLC	RocketRoute Limited (subsidiary of Alyssum Holdings)	Provides flight-planning, fuel, concierge, and marketplace services through a single integrated software-as-a-service ("SaaS") platform that serves the commercial, business, air rescue, and military aviation markets	ND	ND	ND	ND	ND	ND
03/09/20	Madison Dearborn Partners, LLC and CoVant Management	AEVEX Aerospace, LLC	Provides full spectrum, airborne intelligence, surveillance, and reconnaissance ("ISR") solutions for defense and intelligence agencies around the globe	ND	ND	ND	ND	ND	ND
03/04/20	Global Aviation Services, LLC (subsidiary of PrimeFlight Aviation Services)	ProFlo Industries	Provides aircraft refueling equipment including new and refurbished refuelers, bowzers, hydrant dispensers, hydrant carts, fueling ladders, fueling skids, floating suctions, storage systems, and aviation fueling modules	ND	ND	ND	ND	ND	ND
03/03/20	AE Industrial Partners, LLC	G.S. Precision, Inc.	Provides complex, high precision components and specialty hardware used primarily in aerospace engines and defense systems	ND	ND	ND	ND	ND	ND
03/02/20	AE Industrial Partners, LLC	Adcole Maryland Aerospace (subsidiary of Adcole Corporation)	Designs, manufactures, tests, and integrates critical spacecraft components and small satellites	ND	ND	ND	ND	ND	ND
03/02/20	Aero Precision Holdings, Inc. (portco of Odyssey Investment Partners, LLC)	Kellstrom Defense Aerospace, Inc.	Provides aftermarket sustainment solutions for defense aircraft, such as original equipment manufacturer ("OEM") distribution, component repair services, engineered products, and logistics solutions	ND	ND	ND	ND	ND	ND
03/02/20	Gallant Capital Partners, LLC	Cassavant Holdings, LLC	Provides precision-machined components and sub-assemblies, serving the aerospace and defense industries	ND	ND	ND	ND	ND	ND
02/27/20	Cognitive Capital Partners	Thaler Machine Company	Provides complex, mission and flight-critical components and hardware to the missile defense and aerospace engine markets	ND	ND	ND	ND	ND	ND
02/25/20	Lineage Capital	Flightcheck Commercial Aviation Services	Provides line maintenance, de-icing, and ground handling services for domestic and international cargo and commercial airlines	ND	ND	ND	ND	ND	ND
02/25/20	Align Capital Partners	Marco Rubber & Plastics	Provides elastomer components, including O-rings, gaskets, and other high-performance seals and products	ND	ND	ND	ND	ND	ND
02/24/20	FL Technics UAB	Flash Line Maintenance, S.r.l.	Provides maintenance, repair, and overhaul ("MRO") services to the aviation industry throughout the Mediterranean region	ND	ND	ND	ND	ND	ND
02/24/20	Lockheed Martin Corporation	Vector Launch, Inc.'s GalacticSky Assets	Provides launch vehicles for space startups to increase access and speed to orbit	\$4.2	ND	ND	ND	ND	ND
02/24/20	ACR Group	FreeFlight Systems (portco of Elm Creek Partners)	Provides next generation aerospace systems to global commercial, federal, and military customers	ND	ND	ND	ND	ND	ND

Note: ND = Not Disclosed

(1) LTM EBITDA multiples are adjusted for tax benefit, where necessary



1Q20 Aerospace Transactions, cont.

Announced Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM ⁽¹⁾	
								Rev.	EBITDA
02/18/20	Valence Surface Technologies, LLC (portco of ATL Partners and British Columbia Investment Management)	Fountain Plating Co., Inc.	Provides product finishing services for aircraft engines and critical components for the aerospace and defense industry in the Northeast region of North America	ND	ND	ND	ND	ND	ND
02/07/20	Accu-Tube Corp. (portco of Washington Equity Partners)	Mercury Tube Products	Provides welded and drawn stainless steel and high nickel alloy tubing and cold drawn outside diameter tubing in standard and custom sizes	ND	ND	ND	ND	ND	ND
02/07/20	Airbus SE	Bombardier, Inc.'s 33.58% Stake in the Airbus Canada Limited Partnership	Develops and manufactures the Airbus A220 Family of single-aisle passenger aircraft	ND	ND	ND	ND	ND	ND
02/05/20	PrimeFlight Aviation Services, Inc. (portco of The Carlyle Group)	International Aero Services, Inc.	Provides a wide range of services to maintain, repair, and replace every aesthetic aspect of aircraft from cleaning and detailing to painting and placarding	ND	ND	ND	ND	ND	ND
02/03/20	Leidos Holdings, Inc.	L3Harris Technologies' Security Detection and Automation business	Provides airport and critical infrastructure screening products, automated tray return systems and other industrial automation products	\$1,000.0	\$500.0	ND	ND	2.00x	ND
02/03/20	Summit Park	Elliott Aviation	Provides MRO; fixed based operations services; and aircraft sales and brokerage services to the aviation industry	ND	ND	ND	ND	ND	ND
01/30/20	PTB Group Ltd	Prime Turbines, LLC (subsidiary of VSE Corp.)	Provides turboprop engine MRO services primarily for the T53 and Belle Drivetrain	\$21.0	ND	ND	ND	ND	ND
01/30/20	TriMas Corporation	RSA Engineered Products, LLC	Provides complex, highly-engineered and proprietary air ducting products, connectors and related components for air management systems used in aerospace and defense applications	ND	\$32.0	ND	ND	ND	ND
01/30/20	Mangrove Equity Partners, LLC	Hi-Lite Airfield Services, LLC	Provides specialized, mission-critical airfield maintenance services throughout North America and the Caribbean	ND	ND	ND	ND	ND	ND
01/29/20	Stanley Black & Decker, Inc.	Consolidated Aerospace Manufacturing, LLC	Provides innovative, highly engineered hardware and fastener solutions for demanding aerospace applications worldwide	\$1,500.0	\$375.0	ND	ND	4.00x	ND
01/28/20	ARCH Global Precision LLC (portco of The Jordan Company)	Arundel Machine Tool, LLC	Provides high-precision components and assemblies primarily for the aerospace and defense market	ND	ND	ND	ND	ND	ND
01/28/20	Leonardo S.p.A.	Kopter Group AG (subsidiary of Lynwood AG)	Develops, builds, and supports SH-09 single turbine helicopters, designed to bring new capabilities and modern design to the civil market	\$185.0	ND	ND	ND	ND	ND
01/21/20	Precision Aviation Group, Inc. (portco of GenNx360 Capital Partners)	World Aviation Corp.	Provides rewind and repair services of rotary and static electrical (air and oil-cooled) generator and motor sub-components	ND	ND	ND	ND	ND	ND
01/20/20	BAE Systems	Raytheon Co.'s Airborne Tactical Radios division	Designs, manufactures, and supplies a wide array of mission-critical communication systems to the U.S. Department of Defense ("DoD"), allied governments, and large defense aircraft manufacturers	\$225.0	\$125.0	ND	ND	1.80x	ND
01/14/20	AFV Partners LLC	Aircraft Performance Group, LLC	Provides proprietary flight operations software solutions into the aftermarket of the aerospace industry	ND	ND	ND	ND	ND	ND

Note: ND = Not Disclosed

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1Q20 Aerospace Transactions, cont.

Announced Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM ⁽¹⁾	
								Rev.	EBITDA
01/10/20	Hutchinson S.A. (subsidiary of Total S.A.)	PFW Aerospace GmbH (subsidiary of Airbus SE)	Manufactures tubes, ducts, as well as structural assemblies and components for aircraft	ND	ND	ND	ND	ND	ND
01/09/20	Spirit AeroSystems Holdings, Inc.	Fiber Materials Inc. ("FMI")	Provides high-temperature materials and composites for use in industrial, commercial, and aerospace applications	ND	ND	ND	ND	ND	ND
01/09/20	LFM Capital	J&E Precision Tool	Provides manufactured components for the aerospace and defense industry	ND	ND	ND	ND	ND	ND
01/07/20	Integrated Polymer Solutions (portco of Arcline Investment Management LP)	Icon Aerospace Technology Ltd	Provides custom, highly-engineered polymer components, including engine seals, fabric-reinforced seals, hoses and rubber-to-metal bonding solutions for the aerospace and defense end markets	ND	ND	ND	ND	ND	ND
01/07/20	GenNx360 Capital Partners	AeroRepair Corp.	Provides wheel and brake MRO services to the commercial, corporate, and general aviation industry	ND	ND	ND	ND	ND	ND
01/07/20	STS Aviation Group	Canadian Interiors MRO	Provides interior component repair offerings, including electrical parts services, aircraft seat maintenance, cargo and catering equipment repairs, and inventory management	ND	ND	ND	ND	ND	ND
01/07/20	GWS Tool Group (portco of L Squared Capital Partners)	Intrepid Tool Industries	Provides cutting tools to the aerospace sector, with a special emphasis on threaded-shank and / or brazed construction drills, reamers and countersinks	ND	ND	ND	ND	ND	ND
01/07/20	Premier Forge Group (portco of Wynnchurch Capital, LLC)	California Amforge	Manufactures closed die, upset, and rolled ring forgings for the aerospace & defense and oil & gas industries	ND	ND	ND	ND	ND	ND
01/06/20	SK AeroSafety Group (portco of Levine Leichtman Capital Partners)	SEMCO Aerospace, LLC	Provides aviation MRO services specializing in safety, survival, and emergency components and equipment	ND	ND	ND	ND	ND	ND
01/06/20	Textron, Inc.	Premiari Aviation Maintenance Pty Ltd	Provides MRO services primarily to the Asia Pacific region	ND	ND	ND	ND	ND	ND
01/06/20	Radiant Power Corp. (subsidiary of HEICO Corp.)	100% of the business and assets of the Human-Machine Interface product line of Spectralux	Designs, manufactures, and repairs flight deck annunciators, panels, indicators, and illuminated keyboards, as well as lighting controls, and flight deck lighting	ND	ND	ND	ND	ND	ND

Note: ND = Not Disclosed

(1) LTM EBITDA multiples are adjusted for tax benefit, where necessary



1Q20 Defense Transactions

Announced Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM ⁽¹⁾	
								Rev.	EBITDA
03/24/20	American HoloOptics, LLC	EOTech, Inc. (subsidiary of L3Harris Technologies, Inc.)	Provides holographic sighting systems, magnified field optics, and accessories for military, law enforcement, and commercial markets around the world	ND	ND	ND	ND	ND	ND
03/19/20	Ultra Defense Corp.	MAST Technology, Inc.	Provides load, assemble, and pack services for items like 40mm munitions, small caliber ammunition, M81 igniters, and numerous other niche products	ND	ND	ND	ND	ND	ND
03/13/20	Zentech Manufacturing, Inc. (portco of BlackBern Partners, LLC)	CAMtek, Inc.	Provides high-technology electronics manufacturing services to the military, industrial, and commercial markets	ND	ND	ND	ND	ND	ND
03/02/20	Lockheed Martin Corporation	Ayar Labs	Provides high speed, high density, low power optical-based interconnect chiplets and lasers to replace traditional electrical-based I / O	ND	ND	ND	ND	ND	ND
02/26/20	Adaptas Solutions, LLC	Applied Kilovolts and Analytical Instrumentation Business (subsidiary of L3Harris Technologies, Inc.)	Provides precise and reliable power supplies and ion detectors at the heart of critical analytical instrumentation	ND	ND	ND	ND	ND	ND
02/19/20	Black Diamond Systems Corp. (a newly formed affiliate of Sagamore Capital Group, LLC)	Black Diamond Advanced Technology, LLC	Designs, develops, and manufactures tactical computing and communications systems	ND	ND	ND	ND	ND	ND
02/19/20	Qorvo, Inc.	Customer MMIC Design Services, Inc.	Provides high-performance gallium arsenide ("GaAs") and gallium nitride ("GaN") monolithic microwave integrated circuits ("MMIC") for defense, aerospace, and commercial applications	ND	ND	ND	ND	ND	ND
02/18/20	Cadence Aerospace, LLC (portco of Arlington Capital Partners)	Premier Processing, LLC	Provides surface finishing and special processing capabilities for aerospace and defense customers	ND	ND	ND	ND	ND	ND
02/12/20	Titan Acquisition Holdings (controlled by The Carlyle Group and Stellex Capital Management)	San Diego Shipyard of Huntington Ingalls Industries, Inc.	Provides shipfitting, welding, pipefitting, machinery, repair, marine electrical repair and installation, sheet metal repair and fabrication, boiler repair, and preservation services	ND	ND	ND	ND	ND	ND
02/06/20	Corfin Industries, LLC (portco of Behrman Capital)	Micros Components, Inc.	Provides mission-critical microelectronic components and services for high-reliability markets	ND	ND	ND	ND	ND	ND
02/06/20	AE Industrial Partners, LLC	American Pacific Corporation	Provides fine and specialty chemicals serving the aerospace, defense, and pharmaceutical industries	ND	ND	ND	ND	ND	ND
02/05/20	AMETEK, Inc.	IntelliPower	Provider of high-reliability, ruggedized uninterruptable power systems serving a wide range of defense and industrial applications	\$115.0	\$40.0	\$11.0	27.5%	2.88x	10.5x
02/04/20	Huntington Ingalls Industries, Inc.	Hydroid Inc. (subsidiary of Kongsberg Gruppen ASA)	Provides advanced marine robotics with specific focus on the design, engineering, production, and support of autonomous underwater vehicles	\$350.0	ND	ND	ND	ND	ND
02/03/20	Washington Equity Partners	Tube Bending, Inc.	Provides tubing components and assemblies for the aerospace, defense, space, medical, and industrial markets	ND	ND	ND	ND	ND	ND
01/31/20	Private Investors	Ottawa-based electronic intelligence business of Ultra Electronics plc	Provides nation-specific electronic intelligence and electronic support measures software and systems	ND	ND	ND	ND	ND	ND

Note: ND = Not Disclosed

(1) LTM EBITDA multiples are adjusted for tax benefit, where necessary



1Q20 Defense Transactions, cont.

Announced Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM ⁽¹⁾	
								Rev.	EBITDA
01/29/20	Comtech Telecommunications Corp.	Gilat Satellite Networks Ltd.	Provides satellite networking technology, solutions, and services with market leading positions in the satellite ground station and in-flight connectivity solutions market	\$532.5	\$265.0	\$40.0	15.1%	2.01x	13.3x
01/29/20	Comtech Telecommunications Corp.	CGC Technology Limited	Provides high precision full motion fixed and mobile X / Y satellite tracking antennas, reflectors, radomes, and other ground station equipment around the world	\$23.7	ND	ND	ND	ND	ND
01/27/20	MCM Capital Partners	EB Industries, LLC	Provides highly specialized outsourced precision manufacturing and engineering services related to complex critical components	ND	ND	ND	ND	ND	ND
01/23/20	Pioneer Metal Finishing, LLC (portco of Aterian Investment Partners)	Pilkington Metal Finishing	Provides metal finishing services for the aerospace and defense, medical devices, general industrial, consumer goods, and other industries	ND	ND	ND	ND	ND	ND
01/21/20	Zentech Manufacturing, Inc. (portco of BlackBerr Partners, LLC)	Trilogy Circuits, LLC	Provides high-technology electronics manufacturing services supporting prime contractors serving the defense sector and other high-reliability industries	ND	ND	ND	ND	ND	ND
01/20/20	BAE Systems	Collins Aerospace GPS business	Provides mission critical military Global Positioning System ("GPS") receiver solutions	\$1,560.0	\$332.0	\$111.0	33.4%	4.70x	14.1x
01/16/20	New Mountain Capital, LLC	ILC Dover, LP	Provides protective clothing and equipment to the defense, aerospace, pharmaceutical, and food and beverage industries	ND	ND	ND	ND	ND	ND
01/16/20	Pacific Defense	Spectranetix, Inc.	Designs and builds advanced, military standards-based, modular open architecture systems used for multi-mission electronic warfare ("EW"), tactical communications, signals intelligence, cyber-EW, high speed computing or simultaneous combinations of these capabilities	ND	ND	ND	ND	ND	ND
01/15/20	Machine & Tool Holdings, LLC (portco of White Wolf Capital, LLC)	Mill Creek Machining, Inc.	Provides custom parts for manufacturing customers to assemble into specific products used in a variety of industries such as railroad, hydraulics, material handling, and agricultural equipment	ND	ND	ND	ND	ND	ND
01/15/20	Machine & Tool Holdings, LLC (portco of White Wolf Capital, LLC)	RLS Machining, Inc.	Provides full service precision machining and job shop duties for area industries	ND	ND	ND	ND	ND	ND
01/15/20	Machine & Tool Holdings, LLC (portco of White Wolf Capital, LLC)	Murphy Machine Products	Provides automatic screw machining, computer numerical control ("CNC") turned products, CNC machining center work, center-less grinding, and a complete secondary service, including light assembly and passivation	ND	ND	ND	ND	ND	ND

Note: ND = Not Disclosed

(1) LTM EBITDA multiples are adjusted for tax benefit, where necessary



1Q20 Government Services Transactions

Announced Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM ⁽¹⁾	
								Rev.	EBITDA
03/25/20	CGI, Inc.	TeraThink Corporation	Provides digital transformation, enterprise resource planning ("ERP") implementation, and technology solutions with specializations in automation, agile development, enterprise application technologies, data analytics, optimization, and cloud computing	ND	ND	ND	ND	ND	ND
03/24/20	Shorepoint, Inc.	Cyberyllium, LLC	Provides data transformation services offering Elasticsearch and data analytics capabilities across government and corporate enterprises	ND	ND	ND	ND	ND	ND
03/19/20	Freedom Consulting Group LLC	Geodata IT, LLC	Provider of niche solutions to national security and geospatial mission requirements in the areas of advanced technology and innovative solutions development for the DoD and Intelligence Community ("IC")	ND	ND	ND	ND	ND	ND
03/16/20	MAG Aerospace Corp.	AASKI Technology, Inc.	Provides professional services for planning, designing, implementing, securing, and managing highly complex, mission-critical networks and systems	ND	ND	ND	ND	ND	ND
03/10/20	Bluestone Investment Partners	Continental Mapping Consultants, LLC	Provides geospatial data analytics and mapping solutions to defense, intelligence, federal and state government agencies, and commercial customers	ND	ND	ND	ND	ND	ND
03/06/20	Accenture plc	Context Information Security Ltd. (subsidiary of Babcock International Group plc)	Provides high-end cyber defense, intelligence-driven red team, vulnerability research and incident response services	\$138.5	ND	ND	ND	ND	ND
03/02/20	Preferred Systems Solutions, Inc.	Eagle Ray, Inc.	Provides strategic consulting services to the public sector, including the IC, the DoD, the Department of Homeland Security ("DHS"), and financial regulatory agencies	ND	ND	ND	ND	ND	ND
02/25/20	Tetra Tech, Inc.	Segue Technologies, Inc.	Provides full lifecycle application development and modernization for federal agencies, including the DoD	ND	ND	ND	ND	ND	ND
02/18/20	Symphony Technology Group (STG), RSA Ontario Teachers' Pension Plan Board, and Alpinvest Partners		Provides intelligence-driven security solutions such as threat detection and response, threat defense, log monitoring, network traffic analysis and forensics, endpoint detection and response, and orchestration and automation	\$2,075.0	ND	ND	ND	ND	ND
02/12/20	COREONYX, Inc.	Collective FLS, Inc.	Provides cloud services, managed services, enterprise search, hosting, and emerging technologies for defense, intelligence, civilian, and state and local customers	ND	ND	ND	ND	ND	ND
02/12/20	Applied Insight, LLC	Digital Age Experts, LLC	Provides cloud system design, cloud-native development, and development security operations for the federal government	ND	ND	ND	ND	ND	ND
02/11/20	MBDA Holdings SAS (joint venture between Airbus Defence and Space, BAE Systems, and Leonardo)	Numalis	Provides software capable of detecting vulnerabilities in code and offering improvement through the use of artificial intelligence ("AI") in critical sectors such as aeronautics, aerospace, and defense	ND	ND	ND	ND	ND	ND
02/11/20	SOS International, LLC	NorthStar Systems	Provides advanced analytics software in areas such as human language and communication through the use of AI, neural network-based machine translation, and automatic speech recognition	ND	ND	ND	ND	ND	ND
02/06/20	Science Applications International Corporation (SAIC)	Unisys Federal	Provides infrastructure modernization, cloud migration, managed services, and enterprise information technology ("IT")-as-a-service through scalable and repeatable solutions to U.S. federal civilian agencies and the DoD	\$1,200.0	\$689.0	\$97.6 ⁽²⁾	14.2%	1.49x	10.5x
02/04/20	QinetiQ Group plc	Newman & Spurr Consultancy Limited ("NSC")	Provides a range of training and simulation solutions, primarily in land and joint training areas	\$18.0	\$7.6	\$1.7	22.1%	2.37x	10.74x

Note: ND = Not Disclosed

(1) LTM EBITDA multiples are adjusted for tax benefit, where necessary

(2) Reflects forward EBITDA estimate based on 10.5x EV / NTM EBITDA multiple



1Q20 Government Services Transactions, cont.

Announced Date	Buyer / Investor	Target	Target Description	EV	Revenue	EBITDA	EBITDA Margin	EV / LTM ⁽¹⁾	
								Rev.	EBITDA
02/04/20	Trowbridge & Trowbridge, LLC	IntelliWare Systems, Inc.	Provides cyber, intelligence, and information technology solutions to the Federal Bureau of Investigations ("FBI"), US Marshals Service ("USMS"), DHS, and Department of State ("DoS")	ND	ND	ND	ND	ND	ND
01/27/20	ASGN Incorporated	Blackstone Technology Group, Federal Division	Provides agile application development, cloud modernization and systems architecture, cybersecurity, user experience design, and branding services to government clients	\$85.0	\$44.0	ND	ND	1.74x	ND
01/17/20	OceanSound Partners	Smartronix, Inc.	Provides next-generation IT and cloud solutions to government and commercial customers, and ISR solutions to the DoD	ND	ND	ND	ND	ND	ND
01/16/20	Qualis Corp.	Bonham Technologies, Inc.	Provides technical programmatic, and logistical support services for aviation and missile weapons systems, particularly the UH-60 fleet	ND	ND	ND	ND	ND	ND
01/15/20	Skyview Capital, LLC	Fidelis Cybersecurity, Inc.	Provides threat detection, hunting, and response solutions to both the public and private sectors	ND	ND	ND	ND	ND	ND
01/15/20	Whitney, Bradley, & Brown, Inc.	Decisive Analytics Corporation	Provides advanced engineering and analytical support to the U.S. DoD and IC	ND	ND	ND	ND	ND	ND
01/14/20	Wind River Systems, Inc.	Star Lab Corporation	Provides embedded cybersecurity products for aerospace and defense systems	ND	ND	ND	ND	ND	ND
01/13/20	ICF International, Inc.	Incentive Technology Group, LLC	Provides digital transformation, including IT modernization, cloud platform implementation, agile systems engineering, and next-generation tech to government and commercial clients	\$255.0	\$90.0	ND	ND	2.47x	ND
01/07/20	Effectual	JHC Technology	Provides cloud consulting and managed services to federal, state, and local governments	ND	ND	ND	ND	ND	ND
01/07/20	Zeva Holdings Group	NextgenID, Inc.	Provides trusted identity assurance, management, and credentialing solutions through its government-approved products and systems	ND	ND	ND	ND	ND	ND
01/07/20	Battle Resource Management, Inc. ("BRMI")	DMS, Inc.	Provides IT management, enterprise application management, data analytics, and bioinformatics to the biomedical research, public health, and small business sectors	ND	ND	ND	ND	ND	ND
01/03/20	Quotient, Inc.	Eden Consulting Group, Inc.	Provides program management, systems engineering, and information technology for both federal government and corporate clients	ND	ND	ND	ND	ND	ND
01/02/20	Gryphon Technologies, Inc.	OMNITEC Solutions, Inc.	Provides enterprise technology, cloud, analytical, strategic advisory, and advanced engineering solutions to the defense and federal communities	ND	ND	ND	ND	ND	ND

Note: ND = Not Disclosed

(1) LTM EBITDA multiples are adjusted for tax benefit, where necessary

Public Company Trading Analysis

(\$ in millions, except per share amounts)

<u>Aircraft and Engine OEMs</u>	Stock Price 03/31/20	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2020E EBITDA	Margin	Rev.	CY2021P EBITDA	Margin	EV / CY2020E Rev.	EBITDA	EV / CY2021P Rev.	EBITDA
Boeing	\$149.14	37.4%	\$84,149	\$102,968	\$81,839	\$6,199	7.6%	\$106,322	\$13,186	12.4%	1.26x	NM	0.97x	7.8x
General Electric Co	7.94	59.9%	69,406	150,488	88,676	9,787	11.0%	91,084	12,133	13.3%	1.70x	15.4x	1.65x	12.4x
Airbus SE	65.21	42.6%	51,037	48,378	71,191	9,251	13.0%	72,001	10,259	14.2%	0.68x	5.2x	0.67x	4.7x
Safran SA	88.07	52.6%	37,400	42,883	24,001	4,864	20.3%	26,124	5,488	21.0%	1.79x	8.8x	1.64x	7.8x
MTU Aero Engines AG	146.54	46.1%	7,745	9,004	5,114	962	18.8%	5,329	1,078	20.2%	1.76x	9.4x	1.69x	8.4x
Median		46.1%	\$51,037	\$48,378	\$71,191	\$6,199	13.0%	\$72,001	\$10,259	14.2%	1.70x	9.1x	1.64x	7.8x

<u>Aerostructures</u>	Stock Price 03/31/20	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2020E EBITDA	Margin	Rev.	CY2021P EBITDA	Margin	EV / CY2020E Rev.	EBITDA	EV / CY2021P Rev.	EBITDA
Hexcel	\$37.19	42.7%	\$3,100	\$4,162	\$2,287	\$558	24.4%	\$2,416	\$590	24.4%	1.82x	7.5x	1.72x	7.1x
Spirit AeroSystems	23.93	25.3%	2,507	3,241	5,225	365	7.0%	6,763	839	12.4%	0.62x	8.9x	0.48x	3.9x
Senior plc	0.87	29.6%	361	665	1,098	127	11.6%	1,203	154	12.8%	0.61x	5.2x	0.55x	4.3x
Triumph Group	6.76	23.0%	351	1,778	2,611	306	11.7%	2,499	293	11.7%	0.68x	5.8x	0.71x	6.1x
Median		25.3%	\$361	\$1,778	\$2,611	\$306	11.6%	\$2,499	\$293	12.4%	0.62x	5.8x	0.55x	4.3x

Note: NA = Not Available; NM = Not Meaningful
Source: CapitalIQ, company filings, and KippsDeSanto research



Public Company Trading Analysis

(\$ in millions, except per share amounts)

Aerospace Suppliers	Stock Price 03/31/20	% of 52 Week High	Market Cap	Enterprise Value	CY2020E			CY2021P			EV / CY2020E		EV / CY2021P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Curtiss-Wright	\$92.41	61.6%	\$3,929	\$4,483	\$2,545	\$532	20.9%	\$2,647	\$564	21.3%	1.76x	8.4x	1.69x	7.9x
Meggitt PLC	3.61	41.4%	2,799	4,004	2,708	581	21.5%	2,866	640	22.3%	1.48x	6.9x	1.40x	6.3x
RBC Bearings	112.79	60.9%	2,771	2,763	682	182	26.7%	NA	NA	NA	4.05x	15.2x	NA	NA
Moog Inc.	50.53	51.3%	1,714	2,637	3,073	395	12.8%	3,166	424	13.4%	0.86x	6.7x	0.83x	6.2x
Ducommun	24.85	43.0%	289	579	699	84	12.0%	746	92	12.4%	0.83x	6.9x	0.78x	6.3x
Astronics	9.18	20.7%	281	468	562	30	5.3%	610	43	7.1%	0.83x	15.8x	0.77x	10.8x
Héroux-Devtek	7.39	48.4%	269	465	428	69	16.2%	449	71	15.8%	1.09x	6.7x	1.04x	6.6x
Howmet A	16.06	46.9%	0	4,626	13,628	2,080	15.3%	14,124	2,269	16.1%	0.34x	2.2x	0.33x	2.0x
Median		47.6%	\$1,001	\$2,700	\$1,622	\$288	15.7%	\$2,647	\$424	15.8%	0.97x	6.9x	0.83x	6.3x

Aftermarket / MRO	Stock Price 03/31/20	% of 52 Week High	Market Cap	Enterprise Value	CY2020E			CY2021P			EV / CY2020E		EV / CY2021P	
					Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
TransDigm Group	\$320.19	47.5%	\$17,190	\$31,673	\$5,881	\$2,614	44.4%	\$6,082	\$2,755	45.3%	5.39x	12.1x	5.21x	11.5x
HEICO	74.61	50.4%	9,185	9,979	2,029	491	24.2%	2,210	583	26.4%	4.92x	20.3x	4.51x	17.1x
Singapore Technologies Engineering	2.19	70.6%	6,849	8,450	5,959	780	13.1%	6,443	853	13.2%	1.42x	10.8x	1.31x	9.9x
Signature Aviation plc	2.05	40.4%	1,699	3,911	2,064	496	24.0%	2,275	525	23.1%	1.90x	7.9x	1.72x	7.5x
SIA Engineering	1.20	57.8%	1,347	1,094	676	83	12.3%	697	86	12.4%	1.62x	13.2x	1.57x	12.7x
AAR Corp.	17.76	33.6%	614	863	1,715	96	5.6%	1,976	127	6.4%	0.50x	9.0x	0.44x	6.8x
Median		49.0%	\$4,274	\$6,181	\$2,046	\$493	18.5%	\$2,242	\$554	18.2%	1.76x	11.5x	1.64x	10.7x

 Note: NA = Not Available; NM = Not Meaningful
 Source: CapitalIQ, company filings, and KippsDeSanto research

Public Company Trading Analysis

(\$ in millions, except per share amounts)

Defense Primes	Stock Price 03/31/20	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2020E EBITDA	Margin	Rev.	CY2021P EBITDA	Margin	EV / CY2020E Rev.	EBITDA	EV / CY2021P Rev.	EBITDA
Lockheed Martin	\$338.95	76.6%	\$95,487	\$107,776	\$63,575	\$9,946	15.6%	\$67,125	\$10,656	15.9%	1.70x	10.8x	1.61x	10.1x
Boeing	149.14	37.4%	84,149	102,968	81,839	6,199	7.6%	106,322	13,186	12.4%	1.26x	16.6x	0.97x	7.8x
Northrop Grumman	302.55	78.6%	50,719	63,922	35,638	4,918	13.8%	37,772	5,381	14.2%	1.79x	13.0x	1.69x	11.9x
General Dynamics	132.31	68.3%	38,311	51,196	40,322	5,607	13.9%	41,987	5,901	14.1%	1.27x	9.1x	1.22x	8.7x
Raytheon	131.15	56.2%	36,518	37,937	31,153	5,745	18.4%	33,027	6,189	18.7%	1.22x	6.6x	1.15x	6.1x
BAE Systems	6.50	77.6%	20,833	23,559	26,166	3,430	13.1%	27,437	3,663	13.3%	0.90x	6.9x	0.86x	6.4x
Median		72.4%	\$44,515	\$57,559	\$37,980	\$5,676	13.9%	\$39,880	\$6,045	14.1%	1.26x	10.0x	1.18x	8.2x

Defense Systems	Stock Price 03/31/20	% of 52 Week High	Market Cap	Enterprise Value	Rev.	CY2020E EBITDA	Margin	Rev.	CY2021P EBITDA	Margin	EV / CY2020E Rev.	EBITDA	EV / CY2021P Rev.	EBITDA
L3Harris Technologies	\$180.12	78.0%	\$39,067	\$45,978	\$19,131	\$3,731	19.5%	\$20,151	\$4,024	20.0%	2.40x	12.3x	2.28x	11.4x
Safran	88.07	52.6%	37,400	42,883	24,001	4,864	20.3%	26,124	5,488	21.0%	1.79x	8.8x	1.64x	7.8x
Huntington Ingalls Industries	182.21	65.1%	7,420	8,830	8,965	1,254	14.0%	9,249	935	10.1%	0.99x	7.0x	0.95x	9.4x
FLIR	31.89	53.7%	4,288	4,720	1,867	383	20.5%	1,940	444	22.9%	2.53x	12.3x	2.43x	10.6x
Kongsberg Gruppen	12.54	74.9%	2,244	2,323	2,571	287	11.1%	2,818	345	12.2%	0.90x	8.1x	0.82x	6.7x
AeroVironment	60.96	83.9%	1,449	1,179	405	63	15.7%	429	72	16.8%	2.91x	18.6x	2.74x	16.4x
Cubic	41.31	54.9%	1,293	1,869	1,623	195	12.0%	NA	NA	NA	1.15x	9.6x	NA	NA
Median		65.1%	\$4,288	\$4,720	\$2,571	\$383	15.7%	\$6,034	\$689	18.4%	1.79x	9.6x	1.96x	10.0x

Note: NA = Not Available; NM = Not Meaningful
Source: CapitalIQ, company filings, and KippsDeSanto research

Public Company Trading Analysis

(\$ in millions, except per share amounts)

<u>Defense Electronics / Comm.</u>	Stock Price	% of 52	Market	Enterprise	CY2020E			CY2021P			EV / CY2020E		EV / CY2021P	
	03/31/20	Week High	Cap	Value	Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Teledyne	\$297.27	74.5%	\$10,893	\$11,683	\$3,313	\$648	19.6%	\$3,456	\$696	20.1%	3.53x	18.0x	3.38x	16.8x
Mercury Systems	71.34	79.8%	3,966	3,846	831	186	22.4%	909	212	23.3%	4.63x	20.7x	4.23x	18.1x
Viasat	35.92	36.9%	2,232	4,108	2,474	507	20.5%	2,744	565	20.6%	1.66x	8.1x	1.50x	7.3x
Ultra Electronics	25.00	85.6%	1,768	1,973	1,079	196	18.2%	1,108	195	17.5%	1.83x	10.0x	1.78x	10.1x
Kratos Defense & Security Solutions	13.84	55.2%	1,480	1,704	771	75	9.8%	869	98	11.3%	2.21x	22.6x	1.96x	17.3x
Comtech Telecommunications	13.29	35.0%	329	476	695	88	12.7%	NA	NA	NA	0.68x	5.4x	NA	NA
Median		64.8%	\$2,000	\$2,910	\$955	\$191	18.9%	\$1,108	\$212	20.1%	2.02x	14.0x	1.96x	16.8x

<u>Homeland Security</u>	Stock Price	% of 52	Market	Enterprise	CY2020E			CY2021P			EV / CY2020E		EV / CY2021P	
	03/31/20	Week High	Cap	Value	Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Smiths Group	\$15.26	68.9%	\$6,047	\$7,567	\$2,800	\$629	22.5%	\$3,217	\$634	19.7%	2.70x	12.0x	2.35x	11.9x
Axon	70.77	78.5%	4,213	3,873	613	103	16.7%	720	132	18.4%	6.32x	37.8x	5.38x	29.3x
MSA Safety Incorporated	101.20	71.1%	3,932	4,141	1,401	294	21.0%	1,495	332	22.2%	2.96x	NM	2.77x	NM
OSI Systems, Inc.	68.92	58.8%	1,262	1,548	1,230	204	16.6%	1,309	220	16.8%	1.26x	7.6x	1.18x	7.0x
American Outdoor Brands	8.30	75.9%	457	662	685	116	17.0%	NA	NA	NA	0.97x	5.7x	NA	NA
Median		71.1%	\$3,932	\$3,873	\$1,230	\$204	17.0%	\$1,402	\$276	19.0%	2.70x	9.8x	2.56x	11.9x

Note: NA = Not Available; NM = Not Meaningful
Source: CapitalIQ, company filings, and KippsDeSanto research



Public Company Trading Analysis

(\$ in millions, except per share amounts)

<u>Government Services</u>	Stock Price	% of 52	Market	Enterprise	CY2020E			CY2021P			EV / CY2020E		EV / CY2021P	
	03/31/20	Week High	Cap	Value	Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Leidos Holdings	\$91.65	72.8%	\$13,000	\$15,855	\$12,873	\$1,306	10.1%	\$14,114	\$1,459	10.3%	1.23x	12.1x	1.12x	10.9x
Booz Allen Hamilton	68.64	83.7%	9,624	11,367	7,871	792	10.1%	8,425	877	10.4%	1.44x	14.3x	1.35x	13.0x
CACI International	211.15	73.2%	5,294	7,229	5,937	623	10.5%	6,151	643	10.4%	1.22x	11.6x	1.18x	11.2x
SAIC	74.63	77.1%	4,317	6,358	7,291	651	8.9%	7,735	707	9.1%	0.87x	9.8x	0.82x	9.0x
Perspecta Inc.	18.24	61.0%	2,945	5,701	4,478	777	17.4%	3,865	656	17.0%	1.27x	7.3x	1.48x	8.7x
ManTech International	72.67	77.3%	2,920	3,080	2,435	212	8.7%	2,589	227	8.8%	1.27x	14.5x	1.19x	13.6x
ICF International	68.70	72.1%	1,295	1,606	1,599	147	9.2%	1,668	157	9.4%	1.00x	10.9x	0.96x	10.2x
Vectrus, Inc.	41.41	69.9%	480	530	1,511	71	4.7%	1,733	85	4.9%	0.35x	7.5x	0.31x	6.2x
VSE Corporation	16.39	39.8%	180	476	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Median		72.8%	\$2,945	\$5,701	\$5,207	\$637	9.6%	\$5,008	\$649	9.9%	1.22x	11.3x	1.15x	10.5x

<u>Government Technology Software</u>	Stock Price	% of 52	Market	Enterprise	CY2020E			CY2021P			EV / CY2020E		EV / CY2021P	
	03/31/20	Week High	Cap	Value	Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Tyler Technologies	\$296.56	87.0%	\$11,683	\$11,434	\$1,199	\$333	27.7%	\$1,311	\$374	28.5%	9.53x	34.4x	8.72x	30.5x
NIC	23.00	94.3%	1,560	1,357	386	92	23.9%	420	104	24.8%	3.52x	14.7x	3.23x	13.0x
GTY Technology Holdings Inc.	4.52	44.8%	239	238	60	NA	NA	NA	NA	NA	3.94x	NA	NA	NA
Median		87.0%	\$1,560	\$1,357	\$386	\$212	25.8%	\$866	\$239	26.7%	3.94x	24.6x	5.98x	21.8x

 Note: NA = Not Available; NM = Not Meaningful
 Source: CapitalIQ, company filings, and KippsDeSanto research



Public Company Trading Analysis

(\$ in millions, except per share amounts)

Engineering & Construction	Stock Price	% of 52	Market	Enterprise	CY2020E			CY2021P			EV / CY2020E		EV / CY2021P	
	03/31/20	Week High	Cap	Value	Rev.	EBITDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Jacobs Engineering	\$79.27	76.2%	\$10,547	\$12,025	\$13,929	\$1,147	8.2%	\$14,637	\$1,260	8.6%	0.86x	10.5x	0.82x	9.5x
AECOM	29.85	57.0%	4,735	8,584	13,628	758	5.6%	NA	843	NA	0.63x	11.3x	NA	10.2x
Tetra Tech	70.62	71.1%	3,862	4,338	2,555	294	11.5%	2,685	314	11.7%	1.70x	14.7x	1.62x	13.8x
KBR	20.68	64.8%	2,935	3,717	6,266	514	8.2%	6,959	575	8.3%	0.59x	7.2x	0.53x	6.5x
Babcock International	4.77	58.1%	2,411	4,859	5,900	910	15.4%	6,304	940	14.9%	0.82x	5.3x	0.77x	5.2x
Median		64.8%	\$3,862	\$4,859	\$6,266	\$758	8.2%	\$6,631	\$843	10.2%	0.82x	10.5x	0.80x	9.5x

Note: NA = Not Available; NM = Not Meaningful
Source: CapitalIQ, company filings, and KippsDeSanto research

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