



Industry Update
Aerospace, Defense and Government
Q3 2020

1

Financial Performance

Size Profile, LTM Financials, Forward Estimates

(USD in millions, except per share data)

| Company Name | Ticker | Size Profile | | | LTM Operating Data | | Forward Estimates | | |
|----------------------------------------------------------|--------|-------------------|-------------------|-----------|--------------------|-------------|-------------------|-------------------|------------------|
| | | Price at 09/30/20 | % of 52 Week High | TEV | Total Assets | LTM Revenue | LTM EBITDA | 2020 Est. Revenue | 2020 Est. EBITDA |
| Diversified Contractors | | | | | | | | | |
| QUALCOMM Incorporated | QCOM | \$117.68 | 95.0% | \$144,976 | \$32,328 | \$19,999 | \$4,890 | \$23,163 | \$8,283 |
| General Dynamics Corporation | GD | \$138.43 | 72.8% | \$50,924 | \$50,258 | \$38,217 | \$5,149 | \$38,253 | \$5,039 |
| Motorola Solutions, Inc. | MSI | \$156.81 | 83.6% | \$31,702 | \$10,361 | \$7,517 | \$1,987 | \$7,384 | \$2,049 |
| Teledyne Technologies Incorporated | TDY | \$310.21 | 77.7% | \$11,875 | \$4,837 | \$3,111 | \$618 | \$3,070 | \$595 |
| Juniper Networks, Inc. | JNPR | \$21.50 | 81.2% | \$6,575 | \$8,695 | \$4,431 | \$686 | \$4,414 | \$904 |
| MasTec, Inc. | MTZ | \$42.20 | 57.3% | \$4,850 | \$5,202 | \$6,393 | \$688 | \$6,572 | \$800 |
| Kratos Defense & Security Solutions, Inc. | KTOS | \$19.28 | 86.6% | \$2,344 | \$1,473 | \$726 | \$58 | \$761 | \$78 |
| Information Technology and Consulting Contractors | | | | | | | | | |
| L3Harris Technologies, Inc. | LHX | \$169.84 | 73.5% | \$41,156 | \$37,852 | \$24,004 | \$4,426 | \$18,440 | \$3,537 |
| Fortinet, Inc. | FTNT | \$117.81 | 77.5% | \$16,205 | \$3,586 | \$2,458 | \$507 | \$2,566 | \$754 |
| Tyler Technologies, Inc. | TYL | \$348.56 | 91.0% | \$15,084 | \$2,383 | \$1,112 | \$209 | \$1,134 | \$322 |
| NetApp, Inc. | NTAP | \$43.84 | 67.1% | \$8,886 | \$8,416 | \$5,479 | \$1,110 | \$5,386 | \$1,185 |
| CACI International Inc | CACI | \$213.16 | 73.9% | \$7,219 | \$5,950 | \$5,816 | \$609 | \$5,917 | \$626 |
| Viasat, Inc. | VSAT | \$34.39 | 44.2% | \$4,253 | \$4,904 | \$2,303 | \$338 | \$2,296 | \$467 |
| Verint Systems Inc. | VRNT | \$48.18 | 80.5% | \$3,664 | \$3,303 | \$1,260 | \$178 | \$1,271 | \$325 |
| ManTech International Corporation | MANT | \$68.88 | 73.3% | \$2,725 | \$2,175 | \$2,427 | \$220 | \$2,487 | \$219 |
| NIC Inc. | EGOV | \$19.70 | 75.9% | \$1,279 | \$443 | \$406 | \$81 | \$437 | \$106 |
| VSE Corporation | VSEC | \$30.64 | 74.5% | \$596 | \$771 | \$707 | \$83 | \$667 | \$40 |

Financial Performance (cont.)

Size Profile, LTM Financials, Forward Estimates

(USD in millions, except per share data)

| Company Name | Ticker | Size Profile | | | LTM Operating Data | | Forward Estimates | | |
|------------------------------------------|--------|-------------------|-------------------|-----------|--------------------|-------------|-------------------|-------------------|------------------|
| | | Price at 09/30/20 | % of 52 Week High | TEV | Total Assets | LTM Revenue | LTM EBITDA | 2020 Est. Revenue | 2020 Est. EBITDA |
| Aerospace and Defense Contractors | | | | | | | | | |
| The Boeing Company | BA | \$165.26 | 43.6% | \$115,623 | \$161,261 | \$60,765 | -\$4,581 | \$59,234 | -\$2,645 |
| Northrop Grumman Corporation | NOC | \$315.49 | 81.9% | \$60,318 | \$44,772 | \$35,308 | \$4,372 | \$35,825 | \$5,082 |
| TransDigm Group Incorporated | TDG | \$475.12 | 70.5% | \$41,876 | \$18,179 | \$5,471 | \$2,387 | \$4,763 | \$2,119 |
| Ball Corporation | BLL | \$83.12 | 97.0% | \$36,411 | \$16,610 | \$11,258 | \$1,870 | \$11,466 | \$1,906 |
| Huntington Ingalls Industries, Inc. | HII | \$140.75 | 50.3% | \$7,793 | \$8,233 | \$8,921 | \$981 | \$8,854 | \$976 |
| FLIR Systems, Inc. | FLIR | \$35.85 | 60.3% | \$5,063 | \$3,213 | \$1,888 | \$431 | \$1,893 | \$418 |
| Hexcel Corporation | HXL | \$33.55 | 41.6% | \$3,728 | \$2,972 | \$1,771 | \$316 | \$1,512 | \$190 |
| Cubic Corporation | CUB | \$58.17 | 77.4% | \$2,738 | \$2,262 | \$1,472 | \$134 | \$1,481 | \$162 |
| Triumph Group, Inc. | TGI | \$6.51 | 22.2% | \$1,948 | \$2,266 | \$2,665 | \$248 | \$2,133 | \$155 |
| OSI Systems, Inc. | OSIS | \$77.61 | 75.5% | \$1,653 | \$1,271 | \$1,130 | \$159 | \$1,096 | \$177 |
| AAR Corp. | AIR | \$18.80 | 35.6% | \$902 | \$1,714 | \$1,931 | \$79 | \$1,784 | \$111 |

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Valuation Metrics

Return Profile, Trading Multiples

| Company Name | Ticker | Return Profile | | | | | Trading Multiples | | |
|----------------------------------------------------------|---------------|------------------|------------------|----------------|---------------|---------------|-------------------|-------------------|------------------|
| | | Return on Assets | Return on Equity | Revenue Growth | EBITDA Margin | EBITDA Growth | 5-yr Beta | TEV / LTM Revenue | TEV / LTM EBITDA |
| Diversified Contractors | | | | | | | | | |
| QUALCOMM Incorporated | QCOM | 6.6% | 62.6% | -20.8% | 24.5% | -48.9% | 1.3x | 7.2x | 29.6x |
| General Dynamics Corporation | GD | 5.4% | 22.6% | -1.9% | 13.5% | -5.3% | 1.0x | 1.3x | 9.9x |
| Motorola Solutions, Inc. | MSI | 9.5% | N/A | -3.2% | 26.4% | 3.5% | 0.8x | 4.2x | 16.0x |
| Teledyne Technologies Incorporated | TDY | 6.7% | 13.8% | 1.1% | 19.9% | 2.3% | 1.0x | 3.8x | 19.2x |
| Juniper Networks, Inc. | JNPR | 3.3% | 8.6% | 0.3% | 15.5% | -3.7% | 0.9x | 1.5x | 9.6x |
| MasTec, Inc. | MTZ | 5.2% | 17.5% | -13.5% | 10.8% | -14.5% | 1.4x | 0.8x | 7.0x |
| Kratos Defense & Security Solutions, Inc. | KTOS | 1.5% | 0.8% | 4.2% | 7.9% | -8.6% | 1.1x | 3.2x | 40.6x |
| | Mean | 5.5% | 21.0% | -4.8% | 16.9% | -10.7% | 1.1x | 3.2x | 18.9x |
| | Median | 5.4% | 15.6% | -1.9% | 15.5% | -5.3% | 1.0x | 3.2x | 16.0x |
| Information Technology and Consulting Contractors | | | | | | | | | |
| L3Harris Technologies, Inc. | LHX | 0.0% | 0.0% | 0.0% | 18.4% | 0.0% | 0.7x | 1.7x | 9.3x |
| Fortinet, Inc. | FTNT | 7.7% | 47.5% | 20.0% | 20.6% | 36.3% | 1.1x | 6.6x | 32.0x |
| Tyler Technologies, Inc. | TYL | 4.7% | 11.6% | 11.2% | 18.8% | 10.2% | 0.7x | 13.6x | 72.0x |
| NetApp, Inc. | NTAP | 7.4% | 138.3% | -7.3% | 20.3% | -7.0% | 1.2x | 1.6x | 8.0x |
| CACI International Inc | CACI | 5.4% | 13.4% | 12.2% | 10.5% | 25.6% | 1.1x | 1.2x | 11.9x |
| Viasat, Inc. | VSAT | 0.6% | 0.7% | 6.3% | 14.7% | 31.6% | 1.2x | 1.8x | 12.6x |
| Verint Systems Inc. | VRNT | 2.2% | 1.9% | -1.0% | 14.1% | 0.5% | 0.8x | 2.9x | 20.5x |
| ManTech International Corporation | MANT | 4.6% | 8.6% | 19.4% | 9.0% | 28.2% | 0.7x | 1.1x | 12.4x |
| NIC Inc. | EGOV | 11.4% | 23.4% | 17.5% | 20.0% | 5.3% | 0.3x | 3.1x | 15.8x |
| VSE Corporation | VSEC | 4.5% | -0.3% | -4.3% | 11.7% | -3.3% | 1.4x | 0.8x | 7.2x |
| | Mean | 4.9% | 24.5% | 7.4% | 15.8% | 12.8% | 0.9x | 3.5x | 20.2x |
| | Median | 4.6% | 10.1% | 8.7% | 16.6% | 7.8% | 0.9x | 1.8x | 12.5x |

Valuation Metrics (cont.)

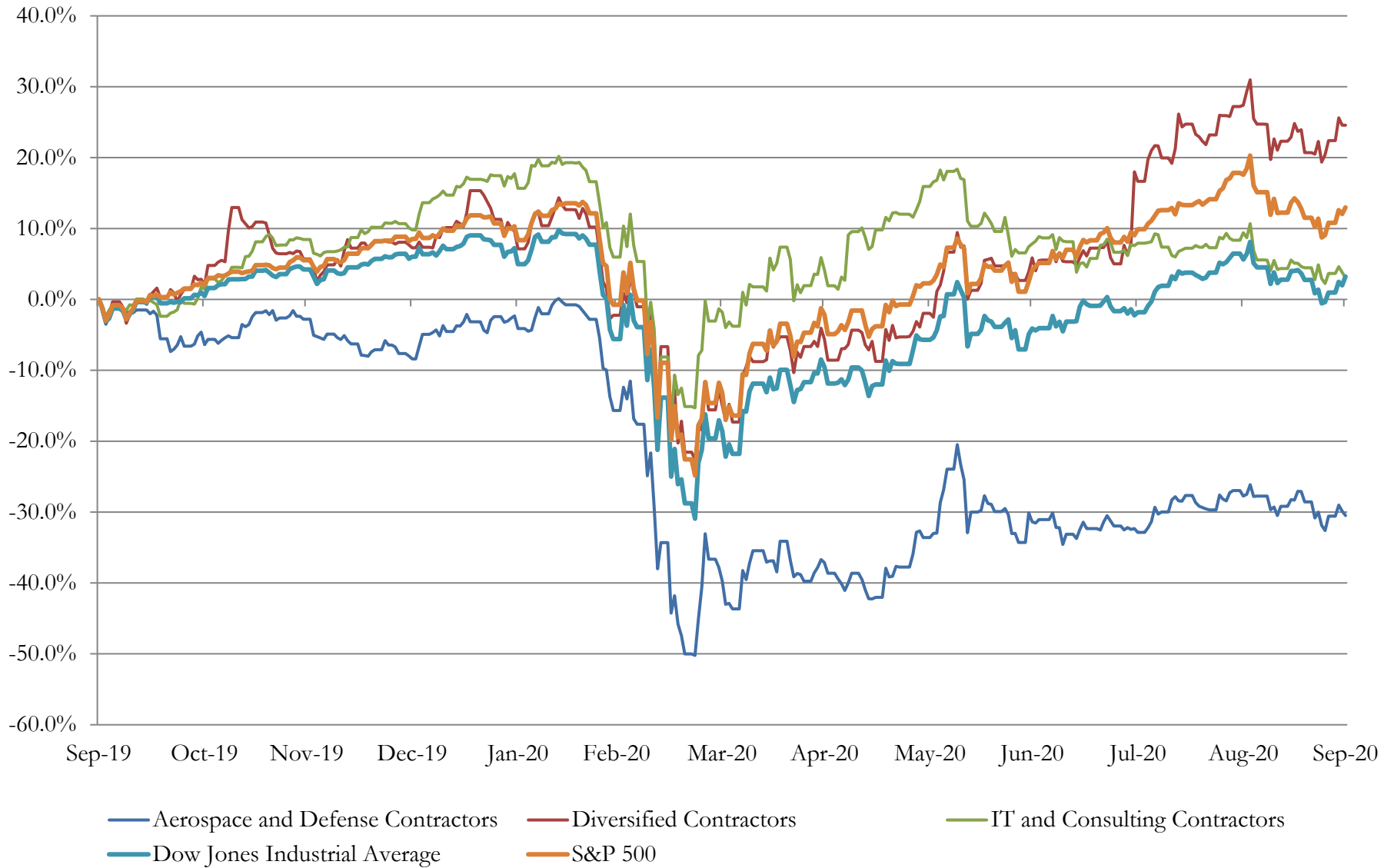
Return Profile, Trading Metrics

| Company Name | Ticker | Return Profile | | | | | Trading Multiples | | |
|------------------------------------------|---------------|------------------|------------------|----------------|---------------|---------------|-------------------|-------------------|------------------|
| | | Return on Assets | Return on Equity | Revenue Growth | EBITDA Margin | EBITDA Growth | 5-yr Beta | TEV / LTM Revenue | TEV / LTM EBITDA |
| Aerospace and Defense Contractors | | | | | | | | | |
| The Boeing Company | BA | -2.9% | N/A | -30.1% | -7.5% | N/A | 1.4x | 1.9x | N/A |
| Northrop Grumman Corporation | NOC | 4.9% | 24.3% | 6.1% | 12.4% | -16.0% | 0.8x | 1.7x | 13.8x |
| TransDigm Group Incorporated | TDG | 7.3% | N/A | 15.6% | 43.6% | 11.8% | 1.6x | 7.7x | 17.5x |
| Ball Corporation | BLL | 4.4% | 10.5% | -2.5% | 16.6% | 4.8% | 0.4x | 3.2x | 19.5x |
| Huntington Ingalls Industries, Inc. | HII | 6.0% | 31.9% | 4.3% | 11.0% | -7.9% | 0.9x | 0.9x | 7.9x |
| FLIR Systems, Inc. | FLIR | 6.5% | 7.6% | 2.3% | 22.8% | 3.7% | 1.6x | 2.7x | 11.7x |
| Hexcel Corporation | HXL | 3.6% | 8.5% | -24.7% | 17.8% | -43.9% | 1.2x | 2.1x | 11.8x |
| Cubic Corporation | CUB | 1.7% | -2.1% | 4.8% | 9.1% | -3.0% | 1.0x | 1.9x | 20.5x |
| Triumph Group, Inc. | TGI | 4.8% | N/A | -18.3% | 9.3% | 14.2% | 2.6x | 0.7x | 7.9x |
| OSI Systems, Inc. | OSIS | 5.5% | 11.6% | -6.3% | 14.0% | 2.1% | 0.9x | 1.5x | 10.4x |
| AAR Corp. | AIR | 1.4% | -0.7% | -9.2% | 4.1% | -45.2% | 1.5x | 0.5x | 11.4x |
| | Mean | 3.9% | 11.5% | -5.3% | 13.9% | -7.9% | 1.3x | 2.2x | 13.3x |
| | Median | 4.8% | 9.5% | -2.5% | 12.4% | -0.5% | 1.2x | 1.9x | 11.8x |

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LTM Equity Performance

Major Indexes



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Recent M&A Activity

Last Twelve (12) Months as of September 30, 2020

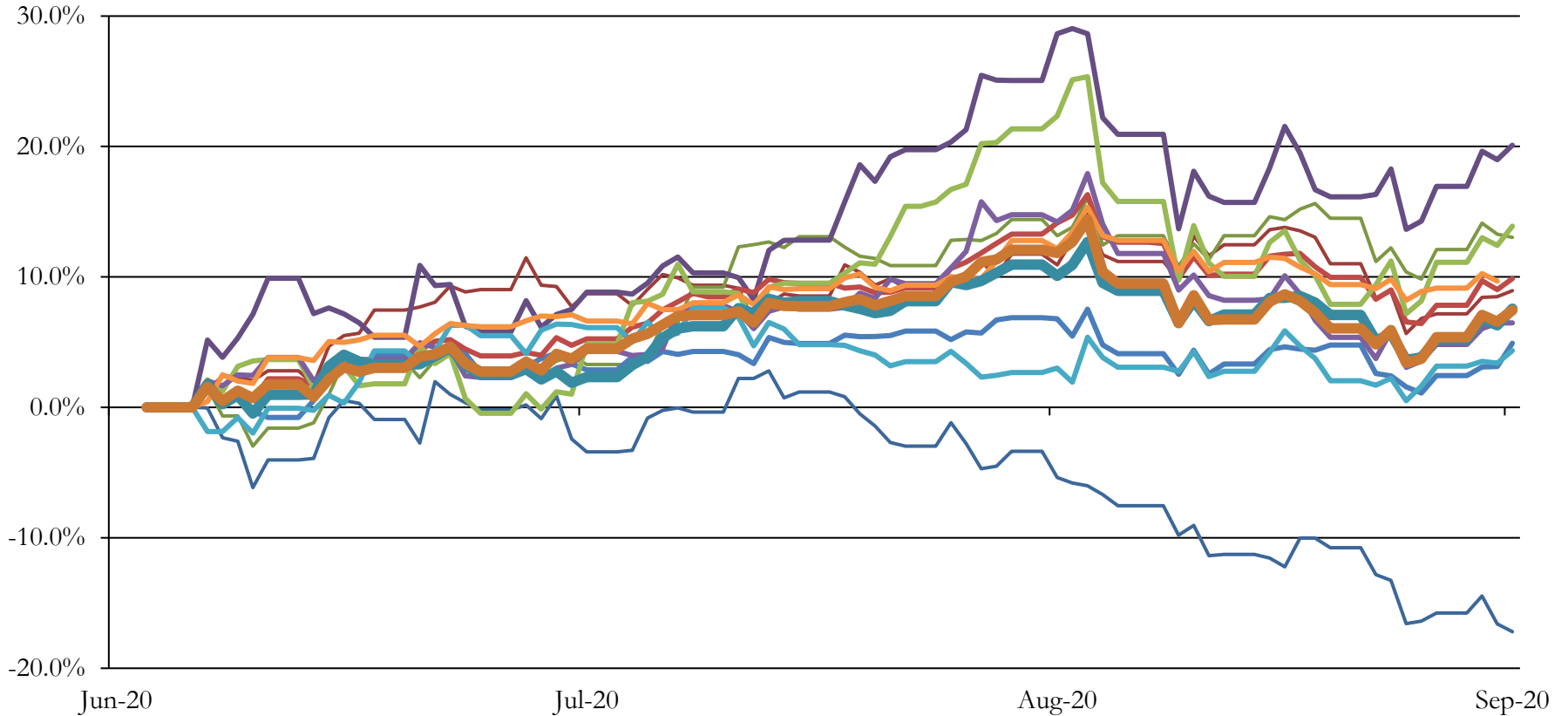
(USD in millions)

| Close Date | Target | Acquirer | Implied TEV |
|------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|-------------|
| Jan-20 | Wesco Aircraft Holdings, Inc. | Pattonair Limited | \$1,904 |
| Jan-20 | Dynetics, Inc. | Leidos, Inc. | \$1,650 |
| Feb-20 | Consolidated Aerospace Manufacturing, LLC | Stanley Black & Decker, Inc. | \$1,500 |
| Nov-19 | Ontic Engineering and Manufacturing, Inc. | CVC Capital Partners Limited; CVC Capital Partners VII, LP | \$1,321 |
| Mar-20 | Unisys Federal | Science Applications International Corporation | \$1,200 |
| Nov-19 | AIM Aerospace, Inc. | Sekisui America Corporation | \$510 |
| Aug-20 | Ascent Vision Technologies, LLC | CACI International Inc | \$350 |
| Sep-19 | EDAC Technologies Corporation (nka:Hanwha Aerospace USA) | Hanwha Aerospace Co., Ltd. | \$295 |
| May-20 | Airborne Tactical Radios Business of Raytheon Company | BAE Systems plc | \$275 |
| Jun-20 | Meggitt Training Systems, Inc. (nka:InVeris Training Solutions, Inc.) | Pine Island Capital Partners LLC | \$146 |
| Jan-20 | Advanced Ballistic Protection Business of 3M | Avon Rubber p.l.c. | \$116 |
| Dec-19 | Arotech Corporation | Greenbriar Equity Group, L.P.; Greenbriar Equity Fund IV, L.P.; Greenbriar | \$103 |
| Mar-20 | TeraThink Corporation | CGI Federal Inc. | \$101 |
| Feb-20 | Custom MMIC Design Services, Inc. | Qorvo, Inc. | \$96 |
| Feb-20 | RSA Engineered Products, LLC | TriMas Corporation | \$84 |
| Oct-19 | Nobles Worldwide, Inc | Ducommun LaBarge Technologies, Inc. | \$77 |
| May-20 | Certain Assets of DHPC Technologies Inc. | Perspecta Inc. | \$53 |
| Jun-20 | Spaceflight Systems, Inc. | Mitsui & Co., Ltd.; Yamasa Co., Ltd. | \$48 |
| Jul-20 | L-3 Communications EOTech, Inc. | American HoloOptics LLC | \$42 |
| Oct-19 | SEMCO Aerospace, LLC | SK AeroSafety Group | \$21 |
| Feb-20 | Prime Turbines, LLC | PTB Group Limited | \$21 |
| May-20 | Chemring Ordnance, Inc. | Nammo AS | \$17 |
| Jun-20 | Substantially all the Assets of CT Aerospace, LLC | Legacy Turbines, LLC | \$7 |
| Nov-19 | Substantially All Assets of Surefly, Inc. | Moog Inc. | \$4 |
| Sep-20 | Flight Evolved LLC | Aethon Aerial Solutions Inc. | NA |
| Sep-20 | Fastener Innovation Technology, Inc. | Avantus Aerospace Group Limited | NA |
| Sep-20 | Gray Manufacturing Technologies, LLC | Compass Precision LLC | NA |
| Sep-20 | Alliance Spacesystems LLC | AC&A, LLC | NA |
| Sep-20 | Precision Optics Business of Collins Aerospace Systems (nka:Danbury | AMERGINT Technologies, Inc. | NA |
| Aug-20 | Aerospace Composite Manufacturing Business of AAR Manufacturing, Inc. | Architect Equity LLC | NA |

Source: Capital IQ

5 Change in Market Capitalization by Sector

Last Three (3) Months as of September 30, 2020



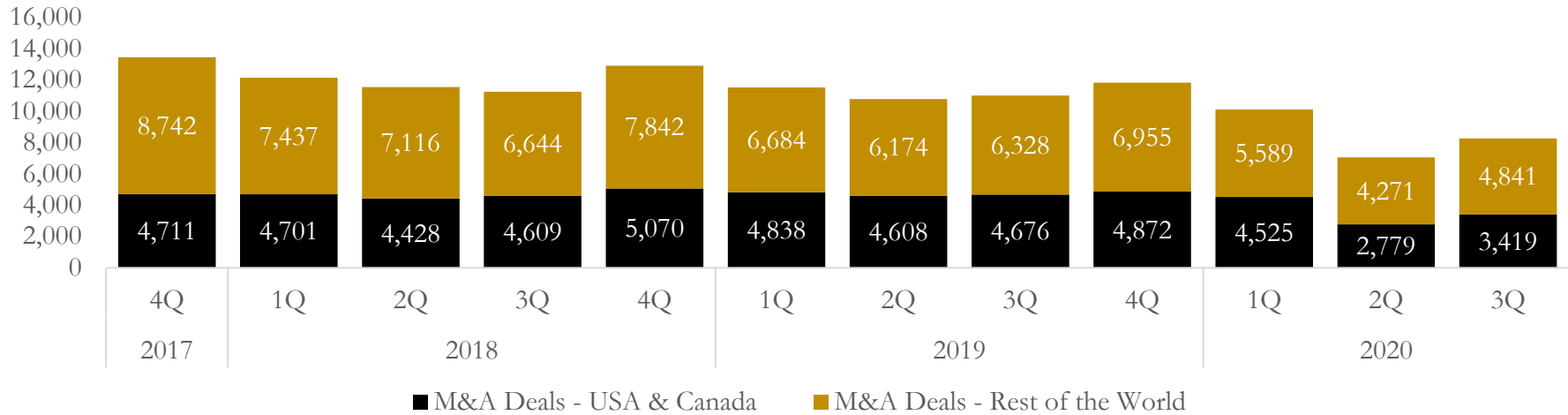
- Energy
- Consumer Discretionary
- Information Technology
- Consumer Staples
- Materials
- Healthcare
- Telecommunication Services
- Dow Jones Industrial Average
- Industrials
- Financials
- Utilities
- S&P 500

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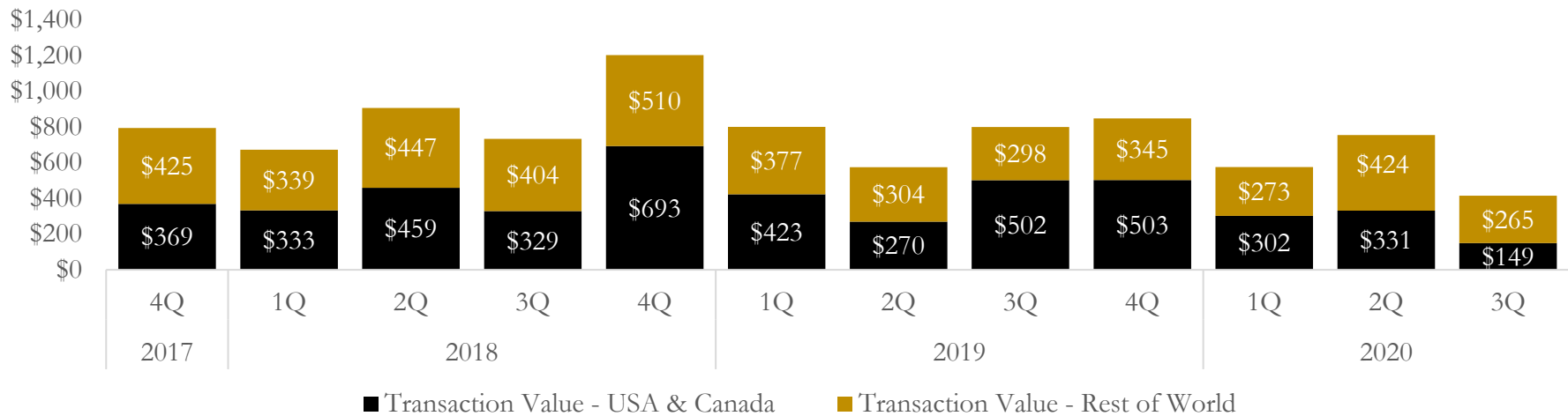
M&A Deal Flow Statistics

Last Three (3) Years as of September 30, 2020

M&A Deal Count - Number of Transactions



M&A Deal Count - Total Transaction Value (\$B)



About Houlihan Capital

Houlihan Capital is a leading, solutions-driven valuation, financial advisory and boutique investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is SOC-compliant, a FINRA and SIPC member and committed to the highest levels of professional ethics and standards.

Valuation & Financial Advisory

We provide an array of services that include enterprise valuations, portfolio valuation, valuation of carried interest, transaction opinions, tax and financial reporting compliance, purchase price allocations, and a wide variety of consulting services through our Financial Advisory Group.

Investment Banking

Through our Investment Banking Group, we offer sell side/buy side advisory and capital raises. Through our Special Situations desk, we provide services that fit outside the archetypal verticals, including liquidity solutions, transactional advisory, and secondary market advisory and trading.

Litigation Support

Our team provides support for a wide variety of situations including commercial and shareholder disputes, derivatives and structured finance litigation, and fraudulent conveyance.

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