



Industry Update
Aerospace, Defense and Government
Q3 2022

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 09/30/22	% of 52 Week High	TEV	Total Assets	LTM Revenue	LTM EBITDA	2022 Est. Revenue	2022 Est. EBITDA
Diversified Contractors									
QUALCOMM Incorporated	QCOM	\$112.98	58.4%	\$133,586	\$47,020	\$42,141	\$16,793	\$45,598	\$19,080
General Dynamics Corporation	GD	\$212.17	83.2%	\$75,951	\$50,481	\$38,441	\$5,280	\$39,399	\$5,141
Motorola Solutions, Inc.	MSI	\$223.97	81.8%	\$43,310	\$11,672	\$8,459	\$2,236	\$8,868	\$2,578
Teledyne Technologies Incorporated	TDY	\$337.47	68.3%	\$20,027	\$14,048	\$5,364	\$1,228	\$5,469	\$1,290
Juniper Networks, Inc.	JNPR	\$26.12	68.5%	\$9,649	\$8,861	\$4,927	\$689	\$5,206	\$1,045
MasTec, Inc.	MTZ	\$63.50	60.9%	\$7,971	\$7,405	\$8,470	\$691	\$9,221	\$750
Kratos Defense & Security Solutions, Inc.	KTOS	\$10.16	43.2%	\$1,534	\$1,583	\$833	\$51	\$907	\$82
Information Technology and Consulting Contractors									
L3Harris Technologies, Inc.	LHX	\$207.83	74.3%	\$52,756	\$34,138	\$16,817	\$3,517	\$17,336	\$3,713
Fortinet, Inc.	FTNT	\$49.13	66.1%	\$39,904	\$5,295	\$3,816	\$822	\$4,383	\$1,245
Tyler Technologies, Inc.	TYL	\$347.50	62.3%	\$15,134	\$4,787	\$1,818	\$341	\$1,861	\$473
NetApp, Inc.	NTAP	\$61.85	63.9%	\$13,157	\$9,544	\$6,452	\$1,377	\$6,662	\$1,693
CACI International Inc	CACI	\$261.06	83.3%	\$8,190	\$6,629	\$6,203	\$631	\$6,414	\$650
Viasat, Inc.	VSAT	\$30.23	44.0%	\$5,817	\$6,483	\$2,801	\$444	\$2,958	\$634
Verint Systems Inc.	VRNT	\$33.58	59.5%	\$2,874	\$2,167	\$900	\$102	\$921	\$247
VSE Corporation	VSEC	\$35.40	54.1%	\$878	\$947	\$884	\$77	\$943	\$89

Source: Capital IQ

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 09/30/22	% of 52 Week High	TEV	Total Assets	LTM Revenue	LTM EBITDA	2022 Est. Revenue	2022 Est. EBITDA
Aerospace and Defense Contractors									
The Boeing Company	BA	\$121.08	51.8%	\$127,403	\$135,479	\$60,743	\$119	\$69,931	\$4,268
Northrop Grumman Corporation	NOC	\$470.32	91.2%	\$91,391	\$41,914	\$34,957	\$8,757	\$36,326	\$4,921
TransDigm Group Incorporated	TDG	\$524.82	76.5%	\$45,397	\$18,819	\$5,198	\$2,368	\$5,618	\$2,732
Huntington Ingalls Industries, Inc.	HII	\$221.50	91.0%	\$12,438	\$10,586	\$10,253	\$1,095	\$10,740	\$963
Hexcel Corporation	HXL	\$51.72	78.6%	\$5,435	\$2,819	\$1,478	\$273	\$1,589	\$311
Triumph Group, Inc.	TGI	\$8.59	30.8%	\$2,052	\$1,667	\$1,413	\$158	\$1,339	\$168
OSI Systems, Inc.	OSIS	\$72.06	69.8%	\$1,560	\$1,443	\$1,183	\$163	\$1,201	\$193
AAR Corp.	AIR	\$35.82	67.8%	\$1,526	\$1,599	\$1,811	\$159	\$1,835	\$170

Source: Capital IQ

2

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	22.0%	106.2%	29.4%	39.8%	42.0%	1.3x	3.2x	8.0x
General Dynamics Corporation	GD	5.4%	20.2%	-0.2%	13.7%	0.2%	0.8x	2.0x	14.4x
Motorola Solutions, Inc.	MSI	9.8%	N/A	7.3%	26.4%	2.5%	0.9x	5.1x	19.4x
Teledyne Technologies Incorporated	TDY	3.4%	9.0%	53.9%	22.9%	56.3%	1.1x	3.7x	16.3x
Juniper Networks, Inc.	JNPR	3.3%	9.1%	6.9%	14.0%	0.7%	0.9x	2.0x	14.0x
MasTec, Inc.	MTZ	2.3%	7.3%	19.7%	8.2%	-23.1%	1.3x	0.9x	11.5x
Kratos Defense & Security Solutions, Inc.	KTOS	1.0%	-2.5%	3.1%	6.1%	-10.6%	0.9x	1.8x	30.2x
	Mean	6.7%	24.9%	17.2%	18.7%	9.7%	1.0x	2.7x	16.3x
	Median	3.4%	9.0%	7.3%	14.0%	0.7%	0.9x	2.0x	14.4x
Information Technology and Consulting Contractors									
L3Harris Technologies, Inc.	LHX	4.6%	9.7%	-8.4%	20.9%	-2.6%	0.7x	3.1x	15.0x
Fortinet, Inc.	FTNT	8.3%	200.9%	31.1%	21.5%	30.4%	1.1x	10.5x	48.6x
Tyler Technologies, Inc.	TYL	3.3%	7.8%	43.4%	18.8%	42.4%	0.9x	8.3x	44.3x
NetApp, Inc.	NTAP	8.1%	137.8%	9.4%	21.3%	12.2%	1.2x	2.0x	9.6x
CACI International Inc	CACI	4.8%	12.8%	2.6%	10.2%	-5.1%	0.9x	1.3x	13.0x
Viasat, Inc.	VSAT	-0.1%	-1.6%	17.2%	15.8%	-0.2%	1.2x	2.1x	13.1x
Verint Systems Inc.	VRNT	1.5%	0.6%	5.1%	11.3%	-0.5%	0.9x	3.2x	28.2x
VSE Corporation	VSEC	3.5%	7.0%	34.8%	8.7%	62.0%	1.4x	1.0x	11.4x
	Mean	4.2%	46.9%	16.9%	16.1%	17.3%	1.0x	3.9x	22.9x
	Median	4.1%	8.8%	13.3%	17.3%	6.0%	1.0x	2.6x	14.1x

Source: Capital IQ

Valuation Metrics (cont.)

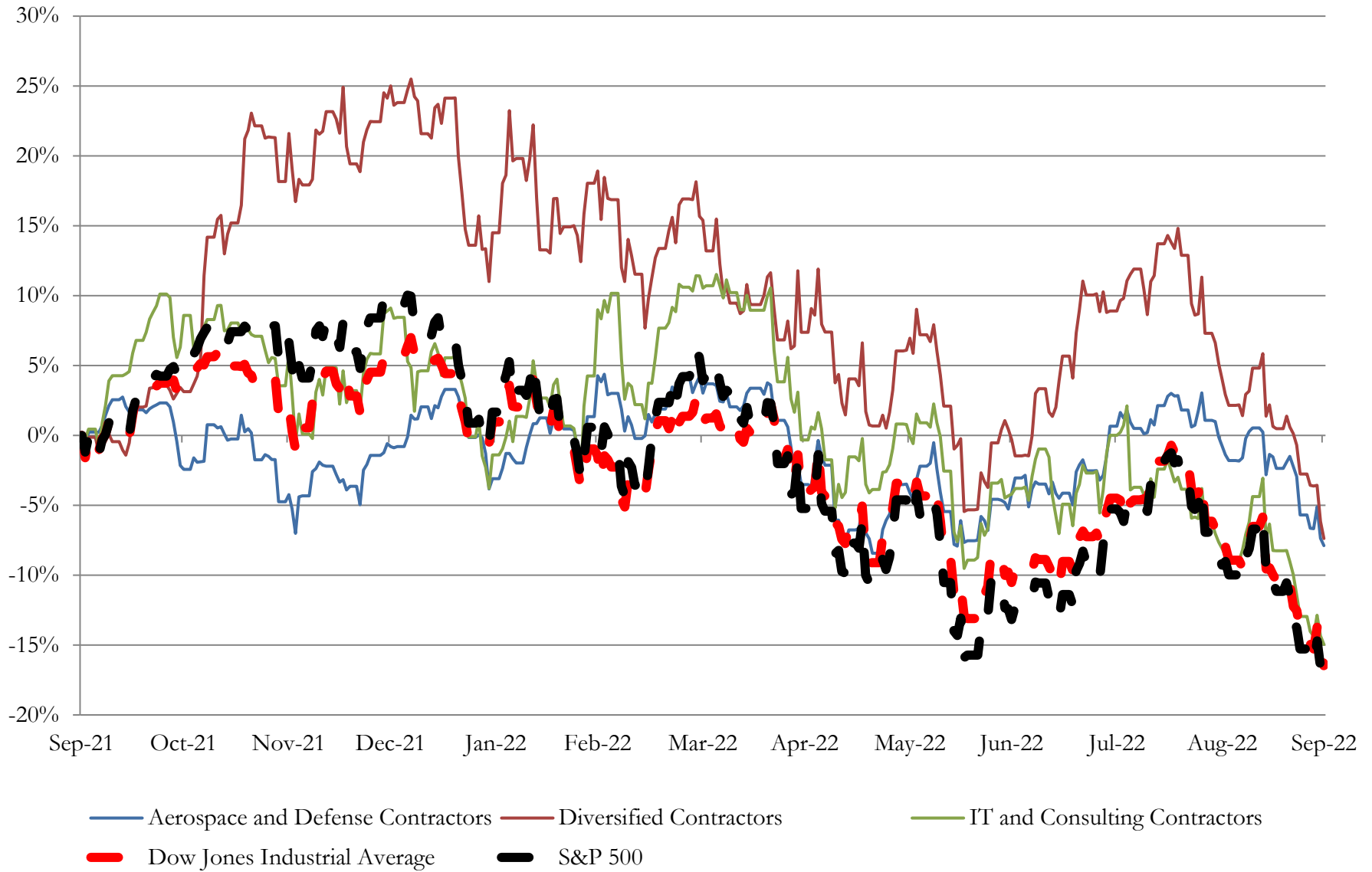
Return Profile, Trading Metrics

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	-0.8%	N/A	-1.5%	0.2%	N/A	1.4x	2.1x	1070.6x
Northrop Grumman Corporation	NOC	11.1%	45.7%	-7.0%	25.1%	57.2%	0.6x	2.6x	10.4x
TransDigm Group Incorporated	TDG	7.0%	N/A	10.8%	45.6%	28.6%	1.4x	8.7x	19.2x
Huntington Ingalls Industries, Inc.	HII	5.0%	23.3%	7.0%	10.7%	-6.3%	0.6x	1.2x	11.4x
Hexcel Corporation	HXL	3.1%	6.1%	21.8%	18.5%	133.1%	1.2x	3.7x	19.9x
Triumph Group, Inc.	TGI	4.2%	N/A	-20.2%	11.2%	-30.4%	2.7x	1.5x	13.0x
OSI Systems, Inc.	OSIS	5.5%	18.0%	3.2%	13.8%	-3.8%	0.8x	1.3x	9.6x
AAR Corp.	AIR	5.1%	8.9%	6.1%	8.8%	64.7%	1.5x	0.8x	9.6x
	Mean	5.0%	20.4%	2.5%	16.7%	34.7%	1.3x	2.7x	145.5x
Source: Capital IQ	Median	5.1%	18.0%	4.6%	12.5%	28.6%	1.3x	1.8x	12.2x

3

LTM Equity Performance

Major Indexes



Source: Capital IQ

4

Recent M&A Activity

Last Twelve (12) Months as of September 30, 2022

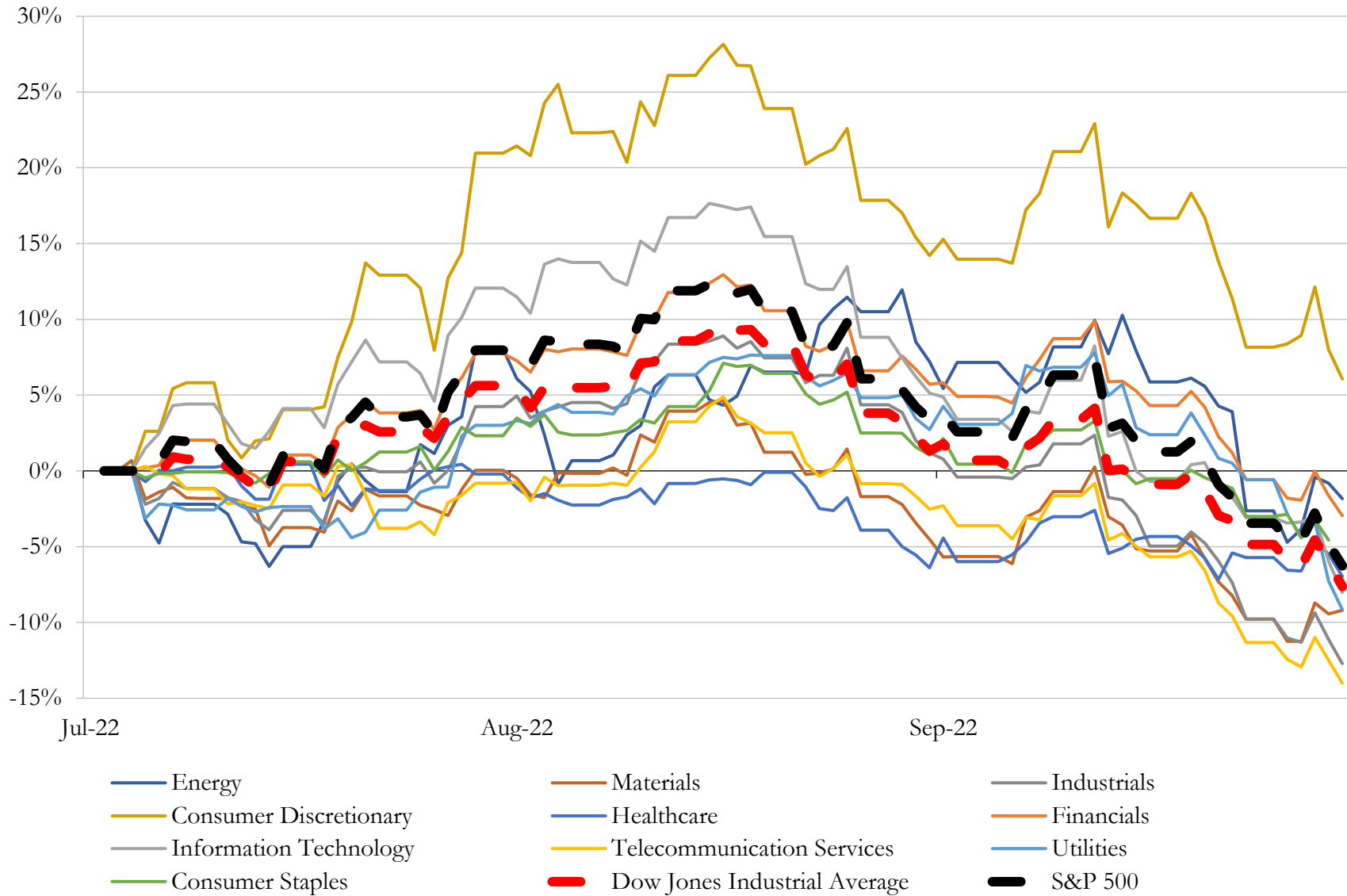
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Feb-22	PAE Incorporated	Amentum Government Services Holdings LLC	\$1,913
Aug-22	DRS Global Enterprise Solutions, Inc.	SES Government Solutions, Inc.	\$450
Sep-22	Aircraft Wheel and Brake Division of Parker-Hannifin Corporation	Kaman Corporation	\$441
Dec-21	Gryphon Technologies LC	ManTech International Corporation	\$336
Jun-22	Telephonics Corporation	TTM Technologies, Inc.	\$330
Jun-22	Assets of Engineered Arresting Systems Corporation	Curtiss-Wright Corporation	\$240
Aug-22	Sensor Systems, Inc.	Electronic Technologies Group, Inc.	\$165
Nov-21	Avalex Technologies Corporation	Mercury Systems, Inc.	\$155
Dec-21	Photonics business of Intevac, Inc	L-3 Communications EOTech, Inc.	\$100
Nov-21	Planetary Systems Corporation	Rocket Lab USA, Inc.	\$80
Apr-22	RE2, Inc.	Sarcos Technology and Robotics Corporation	\$80
May-22	Assets Of The Engineering Division Of Southern Research Institute	Kratos Defense & Security Solutions, Inc.	\$80
Nov-21	Techshot, Inc.	Redwire Corporation	\$47
Dec-21	Crew Training International, Inc.	Exchange Income Corporation	\$45
Dec-21	Navigation Aids Business of Moog Inc.	Thales Group SAS	\$45
May-22	Cyalume Technologies Holdings, Inc.	Cadre Holdings, Inc.	\$35
Oct-21	Advanced Solutions, Inc.	Rocket Lab USA, Inc.	\$33
May-22	All the assets and license of the technical data rights pertaining to	Extant Components Group Holdings, Inc.	\$27
Apr-22	Allegient Defense, Inc.	NowVertical Group Inc.	\$10
Jan-22	Panel Products Inc.	Orbit International Corp.	\$7
Apr-22	Business and Assets and Liabilities of L3Harris Technologies, Inc.	EMCORE Corporation	\$5
Sep-22	All assets of Masten Space Systems, Inc.	Astrobotic Technology, Inc.	\$4
Oct-21	Identified Technologies Corporation	A4 Aerospace, Inc.	\$4
May-22	All Assets of Fox Labs International, Inc.	Byrna Technologies Inc.	\$2
Nov-21	Transition Robotics Inc.	Delhivery Limited	\$1
Sep-22	Skytech, Inc.	Pilatus Aircraft Ltd	N/A
Sep-22	Airborne Response LLC	Safe Pro Group Inc.	N/A
Sep-22	SI2 Technologies, Inc.	Antenna Research Associates, Inc.	N/A
Sep-22	Nearly All Assets of MD Helicopters, Inc.	Bardin Hill Investment Partners LP; MBIA Insurance Corporation	N/A
Sep-22	Giga-tronics Incorporated	Gresham Worldwide, Inc. (nka:Giga-tronics Incorporated)	N/A

Source: Capital IQ

5 Change in Market Capitalization by Sector

Last Three (3) Months as of September 30, 2022

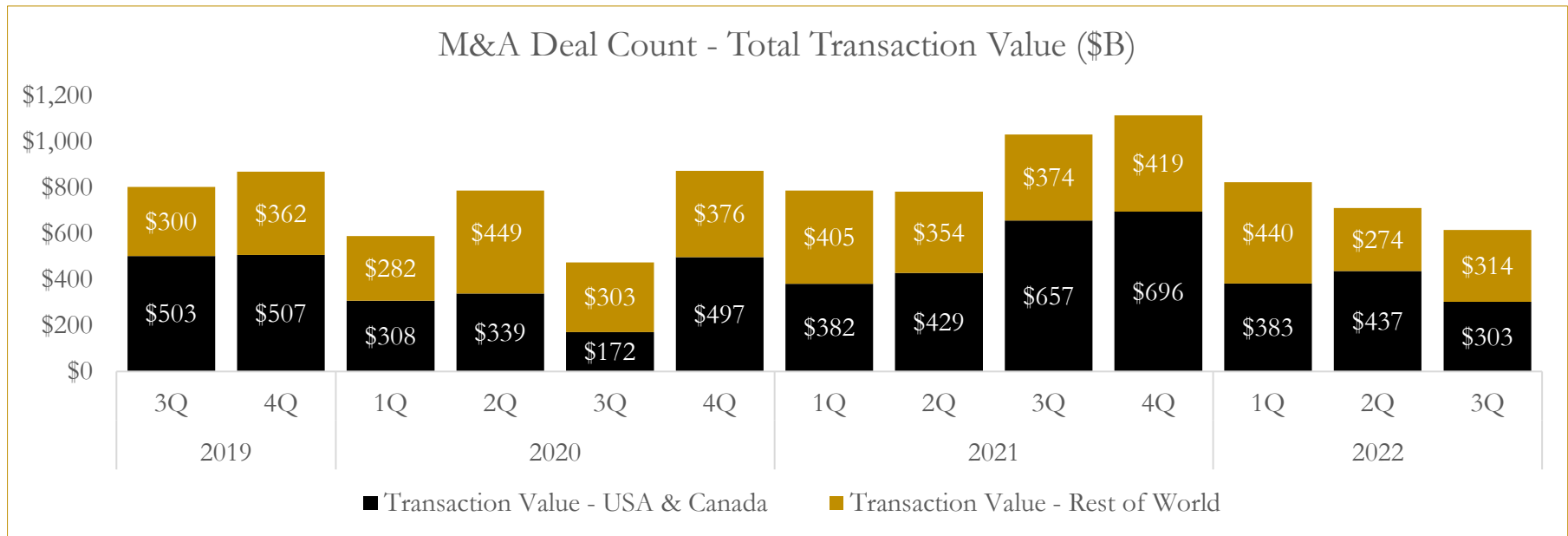
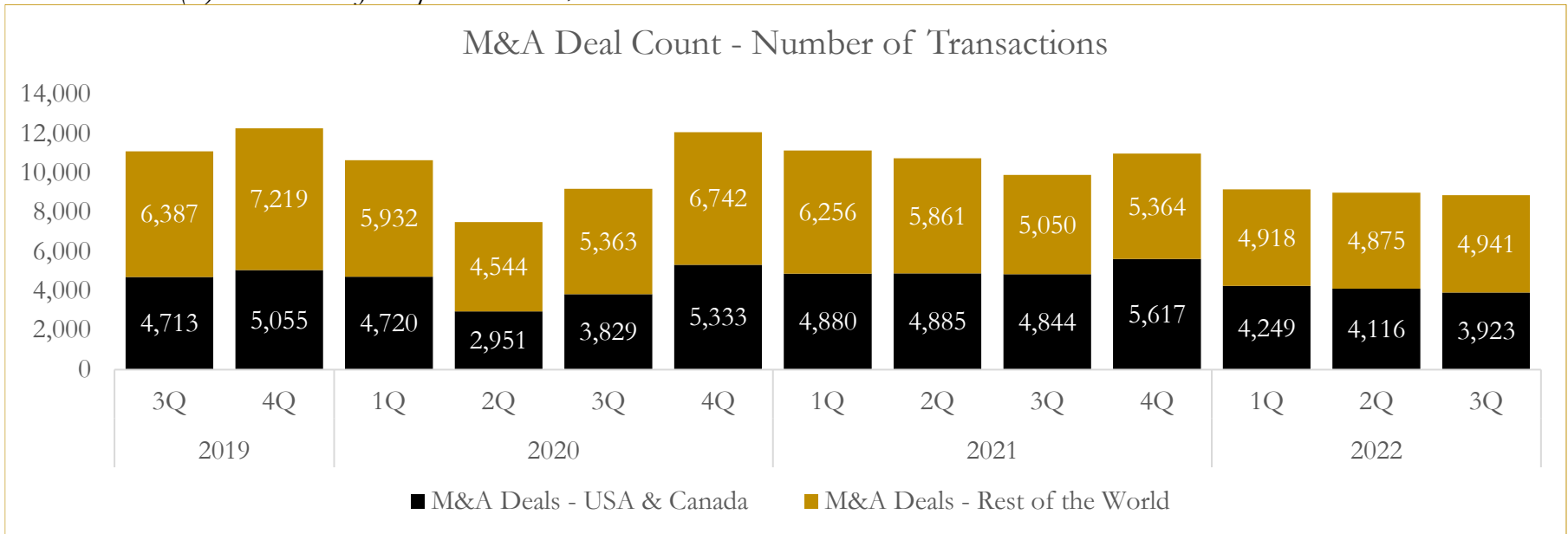


Source: Capital IQ

6

M&A Deal Flow Statistics

Last Three (3) Years as of September 30, 2022



Source: Capital IQ

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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