



Industry Update
Aerospace, Defense and Government
Q4 2022

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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 12/31/22	% of 52 Week High	TEV	Total Assets	LTM Revenue	LTM EBITDA	2022 Est. Revenue	2022 Est. EBITDA
Diversified Contractors									
QUALCOMM Incorporated	QCOM	\$109.94	56.8%	\$138,255	\$49,014	\$44,200	\$17,622	\$42,330	\$17,555
General Dynamics Corporation	GD	\$248.11	96.6%	\$77,818	\$51,116	\$38,848	\$5,322	\$42,002	\$5,680
Motorola Solutions, Inc.	MSI	\$257.71	93.7%	\$49,159	\$11,625	\$8,725	\$2,186	\$9,540	\$2,866
Teledyne Technologies Incorporated	TDY	\$399.91	81.0%	\$22,718	\$13,826	\$5,416	\$1,214	\$5,697	\$1,381
Juniper Networks, Inc.	JNPR	\$31.96	83.8%	\$11,085	\$8,976	\$5,152	\$724	\$5,730	\$1,164
MasTec, Inc.	MTZ	\$85.33	86.2%	\$9,619	\$7,476	\$8,579	\$643	\$12,915	\$1,124
Kratos Defense & Security Solutions, Inc.	KTOS	\$10.32	46.4%	\$1,581	\$1,568	\$861	\$40	\$985	\$94
Information Technology and Consulting Contractors									
L3Harris Technologies, Inc.	LHX	\$208.21	74.4%	\$45,634	\$33,381	\$16,834	\$3,454	\$17,505	\$3,567
Fortinet, Inc.	FTNT	\$48.89	67.5%	\$37,872	\$5,336	\$4,098	\$924	\$5,367	\$1,549
Tyler Technologies, Inc.	TYL	\$322.41	59.8%	\$14,194	\$4,675	\$1,832	\$350	\$2,000	\$498
NetApp, Inc.	NTAP	\$60.06	62.0%	\$13,409	\$9,780	\$6,549	\$1,382	\$6,583	\$1,709
CACI International Inc	CACI	\$300.59	94.1%	\$8,779	\$6,525	\$6,318	\$639	\$6,762	\$733
Viasat, Inc.	VSAT	\$31.65	60.0%	\$5,641	\$6,510	\$2,836	\$481	\$3,164	\$669
Verint Systems Inc.	VRNT	\$36.28	64.3%	\$3,017	\$2,172	\$900	\$98	\$942	\$271
VSE Corporation	VSEC	\$46.88	75.0%	\$948	\$958	\$926	\$80	\$1,019	\$106

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 12/31/22	% 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	\$190.49	82.9%	\$167,330	\$137,558	\$61,421	-\$2,681	\$81,399	\$7,554
Northrop Grumman Corporation	NOC	\$545.61	98.1%	\$88,832	\$42,733	\$35,208	\$8,580	\$37,838	\$5,133
TransDigm Group Incorporated	TDG	\$629.65	92.0%	\$52,151	\$18,107	\$5,429	\$2,468	\$6,199	\$3,125
Huntington Ingalls Industries, Inc.	HII	\$230.68	88.7%	\$11,930	\$10,615	\$10,541	\$1,147	\$10,920	\$1,015
Hexcel Corporation	HXL	\$58.85	89.4%	\$5,868	\$2,776	\$1,509	\$289	\$1,748	\$374
Triumph Group, Inc.	TGI	\$10.52	37.8%	\$2,104	\$1,568	\$1,363	\$155	\$1,346	\$202
AAR Corp.	AIR	\$44.90	85.0%	\$1,766	\$1,647	\$1,844	\$162	\$1,962	\$199
OSI Systems, Inc.	OSIS	\$79.52	77.1%	\$1,718	\$1,468	\$1,172	\$153	\$1,288	\$219

Source: Capital IQ

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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	22.0%	92.9%	31.7%	39.9%	55.0%	1.3x	3.1x	7.8x
General Dynamics Corporation	GD	5.4%	20.1%	0.5%	13.7%	0.4%	0.9x	2.0x	14.6x
Motorola Solutions, Inc.	MSI	9.4%	N/A	7.4%	25.1%	-4.1%	0.9x	5.6x	22.5x
Teledyne Technologies Incorporated	TDY	3.4%	9.6%	33.8%	22.4%	24.6%	1.1x	4.2x	18.7x
Juniper Networks, Inc.	JNPR	3.5%	9.7%	10.6%	14.1%	5.6%	0.9x	2.2x	15.3x
MasTec, Inc.	MTZ	1.8%	4.4%	10.3%	7.5%	-29.6%	1.4x	1.1x	15.0x
Kratos Defense & Security Solutions, Inc.	KTOS	0.4%	-3.2%	6.7%	4.6%	-27.2%	0.8x	1.8x	39.9x
	Mean	6.6%	22.2%	14.4%	18.2%	3.5%	1.0x	2.9x	19.1x
	Median	3.5%	9.6%	10.3%	14.1%	0.4%	0.9x	2.2x	15.3x
Information Technology and Consulting Contractors									
L3Harris Technologies, Inc.	LHX	4.6%	5.9%	-7.1%	20.5%	-7.0%	0.7x	2.7x	13.2x
Fortinet, Inc.	FTNT	9.1%	289.2%	31.1%	22.6%	36.7%	1.1x	9.2x	41.0x
Tyler Technologies, Inc.	TYL	3.4%	7.9%	27.0%	19.1%	35.7%	0.8x	7.7x	40.6x
NetApp, Inc.	NTAP	7.9%	150.4%	8.3%	21.1%	6.1%	1.2x	2.0x	9.7x
CACI International Inc	CACI	4.9%	12.5%	4.0%	10.1%	-3.1%	1.0x	1.4x	13.7x
Viasat, Inc.	VSAT	0.3%	-3.3%	20.6%	17.0%	17.8%	1.3x	2.0x	11.7x
Verint Systems Inc.	VRNT	1.4%	-0.1%	4.0%	10.9%	-7.3%	0.9x	3.4x	30.7x
VSE Corporation	VSEC	3.6%	6.9%	34.0%	8.7%	67.4%	1.5x	1.0x	11.8x
	Mean	4.4%	58.7%	15.2%	16.2%	18.3%	1.1x	3.7x	21.6x
	Median	4.1%	7.4%	14.4%	18.0%	12.0%	1.0x	2.4x	13.5x

Source: Capital IQ

Valuation Metrics (cont.)

Return Profile, Trading Metrics

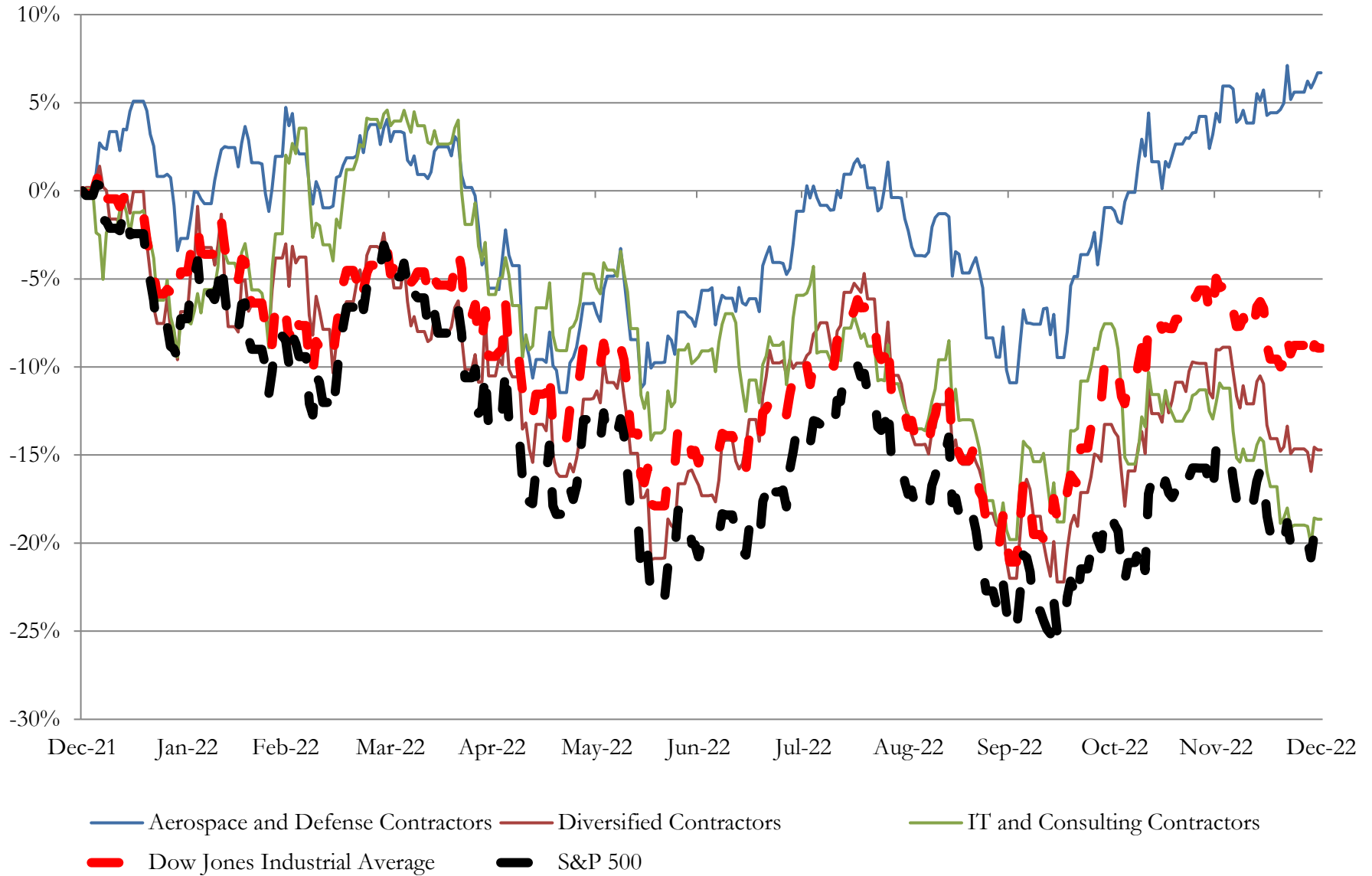
Company Name	Ticker	Return Profile					Trading Multiples		
		Return on Assets	Return on Equity	Revenue Growth	EBITDA Margin	EBITDA Growth	5-yr Beta	TEV / LTM Revenue	TEV / LTM EBITDA
Aerospace and Defense Contractors									
The Boeing Company	BA	-2.1%	N/A	-2.2%	-4.4%	N/A	1.4x	2.7x	N/A
Northrop Grumman Corporation	NOC	10.7%	43.6%	-5.5%	24.4%	50.7%	0.6x	2.5x	10.4x
TransDigm Group Incorporated	TDG	7.4%	N/A	13.2%	45.5%	21.4%	1.4x	9.6x	21.1x
Huntington Ingalls Industries, Inc.	HII	4.7%	22.0%	9.8%	10.9%	5.1%	0.6x	1.1x	10.4x
Hexcel Corporation	HXL	3.5%	7.4%	19.7%	19.2%	80.7%	1.2x	3.9x	20.3x
Triumph Group, Inc.	TGI	4.4%	N/A	-17.2%	11.3%	-35.0%	2.7x	1.5x	13.6x
AAR Corp.	OSIS	5.2%	8.9%	6.0%	8.8%	74.5%	1.6x	1.0x	10.9x
OSI Systems, Inc.	AIR	5.0%	17.2%	0.1%	13.0%	-10.8%	0.9x	1.5x	11.3x
	Mean	4.9%	19.8%	3.0%	16.1%	26.7%	1.3x	3.0x	14.0x
	Median	4.8%	17.2%	3.0%	12.2%	21.4%	1.3x	2.0x	11.3x

Source: Capital IQ

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LTM Equity Performance

Major Indexes



Source: Capital IQ

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Recent M&A Activity

Last Twelve (12) Months as of December 31, 2022

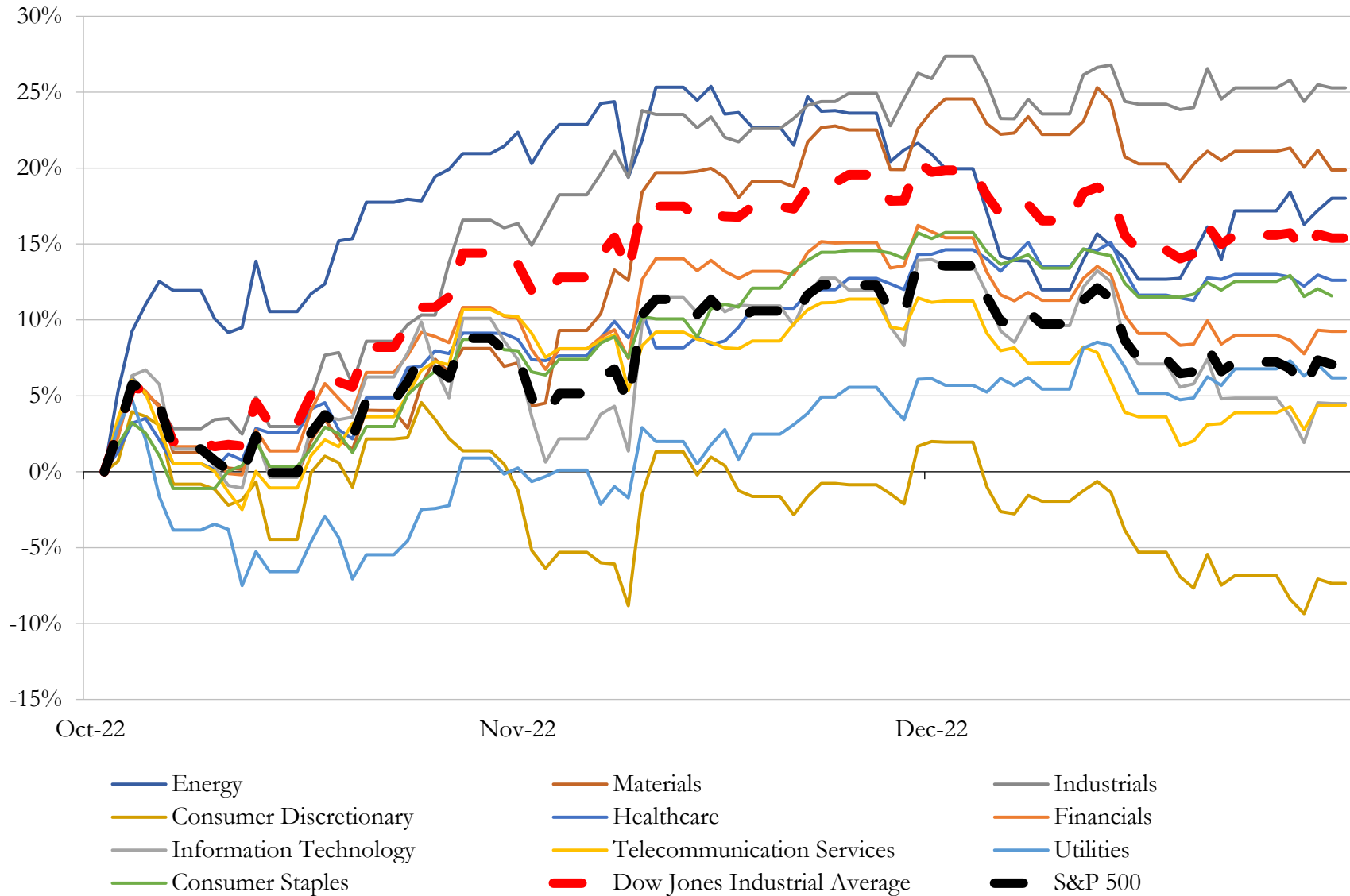
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Feb-22	PAE Incorporated	Amentum Government Services Holdings LLC	\$1,913
Nov-22	E3 Federal Solutions, LLC	QinetiQ North America, Inc.	\$590
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
Oct-22	EverWatch Corporation	Booz Allen Hamilton Holding Corporation	\$440
Jun-22	Telephonics Corporation	TTM Technologies, Inc.	\$298
Jun-22	Assets of Engineered Arresting Systems Corporation	Curtiss-Wright Corporation	\$247
Aug-22	Sensor Systems, Inc.	Electronic Technologies Group, Inc.	\$165
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
May-22	Cyalume Technologies Holdings, Inc.	Safariland, LLC	\$36
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
May-22	All Assets of Fox Labs International, Inc.	Byrna Technologies Inc.	\$2
Dec-22	New Matco, Inc.	NMG Aerospace	N/A
Dec-22	Land Sea Air Autonomy LLC	Redshield Electronics, Inc.	N/A
Dec-22	Akro Fireguard Products, Inc.	Integrated Polymer Solutions Group	N/A
Dec-22	Summit Aircraft Corporation	Cub Crafters, Inc.	N/A
Dec-22	Sequa Corporation	Veritas Capital Fund Management, L.L.C	N/A
Dec-22	Applied Aerospace Structures, Corp.	Greenbriar Equity Group, L.P.	N/A
Dec-22	International Aerospace Coatings, Inc.	Tiger Infrastructure Partners LP; Tiger Infrastructure Partners Fund III LP	N/A
Nov-22	Northeast Aero Compressor Corp.	Jet Parts Engineering, LLC	N/A
Nov-22	Associated Aircraft Manufacturing & Sales, Inc.	First Aviation Services Inc.	N/A
Nov-22	Liteye Systems Inc.	Highlander Partners, L.P.	N/A
Nov-22	Garrett Container Systems, Inc.	Albers Aerospace	N/A
Nov-22	York Space Systems LLC	AE Industrial Partners, LP	N/A
Nov-22	Aero Accessories & Repair Inc	ATL Partners	N/A

Source: Capital IQ

5 Change in Market Capitalization by Sector

Last Three (3) Months as of December 31, 2022

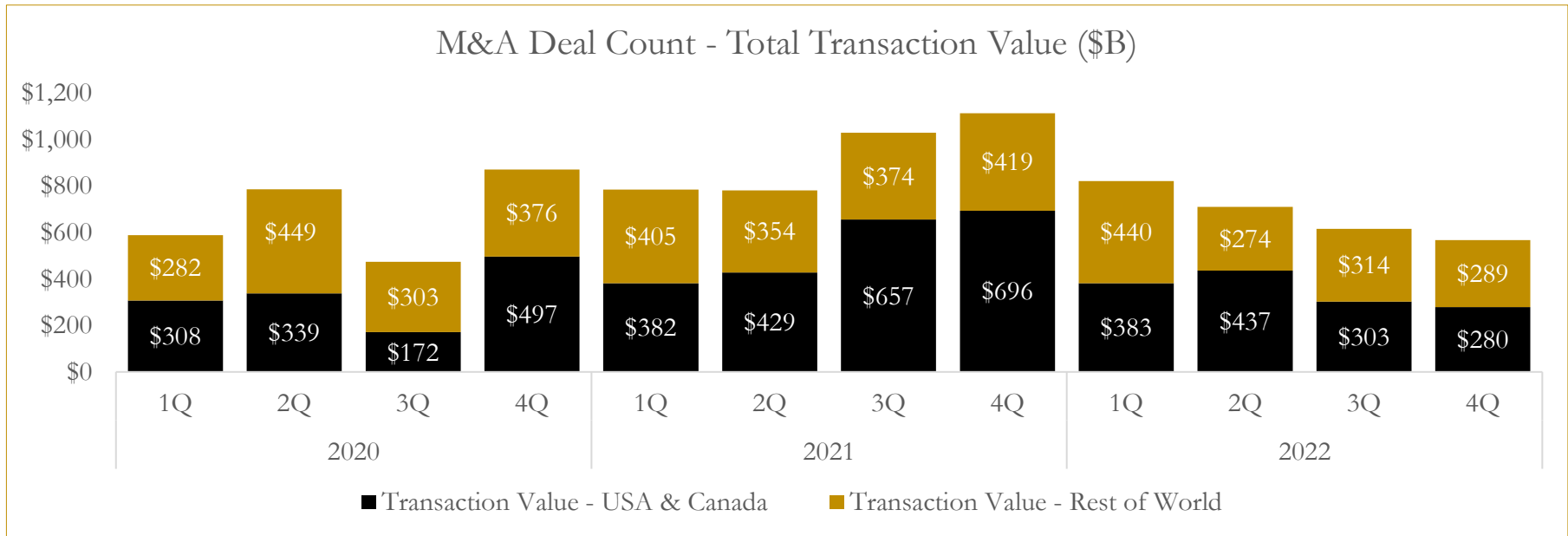
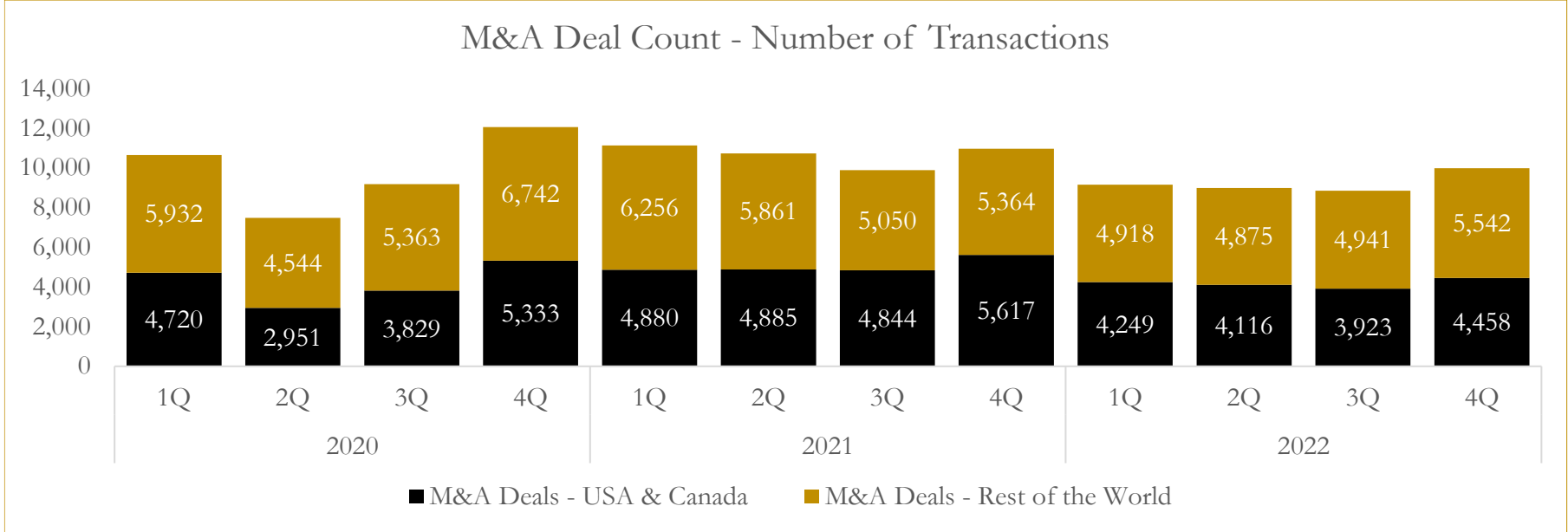


Source: Capital IQ

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M&A Deal Flow Statistics

Last Three (3) Years as of December 31, 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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