



Industry Update
Aerospace, Defense and Government
Q1 2023

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 03/31/23	% of 52 Week High	TEV	Total Assets	LTM Revenue	LTM EBITDA	2023 Est. Revenue	2023 Est. EBITDA
Diversified Contractors									
QUALCOMM Incorporated	QCOM	\$127.58	81.4%	\$147,222	\$50,014	\$42,958	\$16,295	\$39,608	\$15,270
General Dynamics Corporation	GD	\$228.21	88.8%	\$73,683	\$51,585	\$39,407	\$5,485	\$41,161	\$5,374
Motorola Solutions, Inc.	MSI	\$286.13	100.0%	\$52,738	\$12,814	\$9,112	\$2,504	\$9,724	\$2,816
Teledyne Technologies Incorporated	TDY	\$447.36	90.6%	\$23,942	\$14,354	\$5,459	\$1,316	\$5,742	\$1,405
Juniper Networks, Inc.	JNPR	\$34.42	92.2%	\$11,663	\$9,327	\$5,301	\$757	\$5,762	\$1,176
MasTec, Inc.	MTZ	\$94.44	91.2%	\$10,073	\$9,293	\$9,778	\$731	\$12,973	\$1,104
Kratos Defense & Security Solutions, Inc.	KTOS	\$13.48	60.6%	\$1,921	\$1,552	\$898	\$35	\$990	\$88
Information Technology and Consulting Contractors									
L3Harris Technologies, Inc.	LHX	\$196.24	74.1%	\$44,956	\$33,524	\$17,062	\$2,867	\$17,709	\$3,528
Fortinet, Inc.	FTNT	\$66.46	92.9%	\$51,337	\$6,228	\$4,417	\$1,069	\$5,411	\$1,519
Tyler Technologies, Inc.	TYL	\$354.64	78.6%	\$15,554	\$4,687	\$1,850	\$316	\$1,955	\$478
NetApp, Inc.	NTAP	\$63.85	76.1%	\$13,458	\$9,710	\$6,461	\$1,330	\$6,144	\$1,594
CACI International Inc	CACI	\$296.28	92.8%	\$8,656	\$6,555	\$6,481	\$649	\$6,743	\$725
Viasat, Inc.	VSAT	\$33.84	67.7%	\$5,742	\$6,802	\$2,867	\$463	\$2,649	\$502
Verint Systems Inc.	VRNT	\$37.24	66.0%	\$3,066	\$2,314	\$902	\$119	\$935	\$257
VSE Corporation	VSEC	\$44.90	75.9%	\$892	\$1,000	\$950	\$81	\$1,017	\$100

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 03/31/23	% of 52 Week High	TEV	Total Assets	LTM Revenue	LTM EBITDA	2023 Est. Revenue	2023 Est. EBITDA
Aerospace and Defense Contractors									
The Boeing Company	BA	\$212.43	96.0%	\$167,692	\$137,100	\$66,608	\$1,647	\$78,669	\$5,275
Northrop Grumman Corporation	NOC	\$461.72	83.0%	\$84,582	\$43,755	\$36,602	\$7,680	\$38,321	\$5,344
TransDigm Group Incorporated	TDG	\$737.05	95.5%	\$56,566	\$18,489	\$5,632	\$2,600	\$6,336	\$3,193
Huntington Ingalls Industries, Inc.	HII	\$207.02	79.6%	\$11,093	\$10,857	\$10,676	\$1,151	\$10,884	\$1,018
Hexcel Corporation	HXL	\$68.25	91.0%	\$6,296	\$2,837	\$1,578	\$290	\$1,774	\$366
Triumph Group, Inc.	TGI	\$11.59	43.3%	\$2,207	\$1,597	\$1,372	\$149	\$1,360	\$199
AAR Corp.	AIR	\$54.55	95.9%	\$2,010	\$1,673	\$1,913	\$163	\$1,993	\$198
OSI Systems, Inc.	OSIS	\$102.36	99.2%	\$2,105	\$1,466	\$1,191	\$147	\$1,303	\$222

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	19.6%	78.7%	19.2%	37.9%	27.8%	1.3x	3.4x	9.0x
General Dynamics Corporation	GD	5.7%	18.7%	2.4%	13.9%	4.1%	0.8x	1.9x	13.4x
Motorola Solutions, Inc.	MSI	10.3%	2531.5%	11.5%	27.5%	9.4%	0.9x	5.8x	21.1x
Teledyne Technologies Incorporated	TDY	4.3%	10.0%	18.3%	24.1%	8.2%	1.1x	4.4x	18.2x
Juniper Networks, Inc.	JNPR	3.7%	10.7%	11.9%	14.3%	13.4%	1.0x	2.2x	15.4x
MasTec, Inc.	MTZ	1.7%	1.3%	23.0%	7.5%	-13.7%	1.4x	1.0x	13.8x
Kratos Defense & Security Solutions, Inc.	KTOS	0.2%	-3.6%	10.7%	3.9%	-36.1%	0.8x	2.1x	54.3x
	Mean	6.5%	378.2%	13.9%	18.4%	1.9%	1.0x	3.0x	20.7x
	Median	4.3%	10.7%	11.9%	14.3%	8.2%	1.0x	2.2x	15.4x
Information Technology and Consulting Contractors									
L3Harris Technologies, Inc.	LHX	3.5%	5.6%	-4.2%	16.8%	-6.4%	0.7x	2.6x	15.7x
Fortinet, Inc.	FTNT	9.9%	331.5%	32.2%	24.2%	46.4%	1.2x	11.6x	48.0x
Tyler Technologies, Inc.	TYL	2.9%	6.6%	16.2%	17.1%	7.8%	0.8x	8.4x	49.2x
NetApp, Inc.	NTAP	7.4%	129.8%	4.3%	20.6%	-2.4%	1.2x	2.1x	10.1x
CACI International Inc	CACI	4.8%	12.0%	6.4%	10.0%	1.0%	1.0x	1.3x	13.3x
Viasat, Inc.	VSAT	0.2%	-3.8%	19.2%	16.1%	18.9%	1.3x	2.0x	12.4x
Verint Systems Inc.	VRNT	2.0%	1.2%	3.2%	13.2%	5.4%	0.9x	3.4x	25.7x
VSE Corporation	VSEC	3.6%	6.5%	26.5%	8.5%	72.3%	1.5x	0.9x	11.0x
	Mean	4.3%	61.2%	13.0%	15.8%	17.9%	1.1x	4.1x	23.2x
	Median	3.6%	6.6%	11.3%	16.5%	6.6%	1.1x	2.4x	14.5x

Source: Capital IQ

Valuation Metrics (cont.)

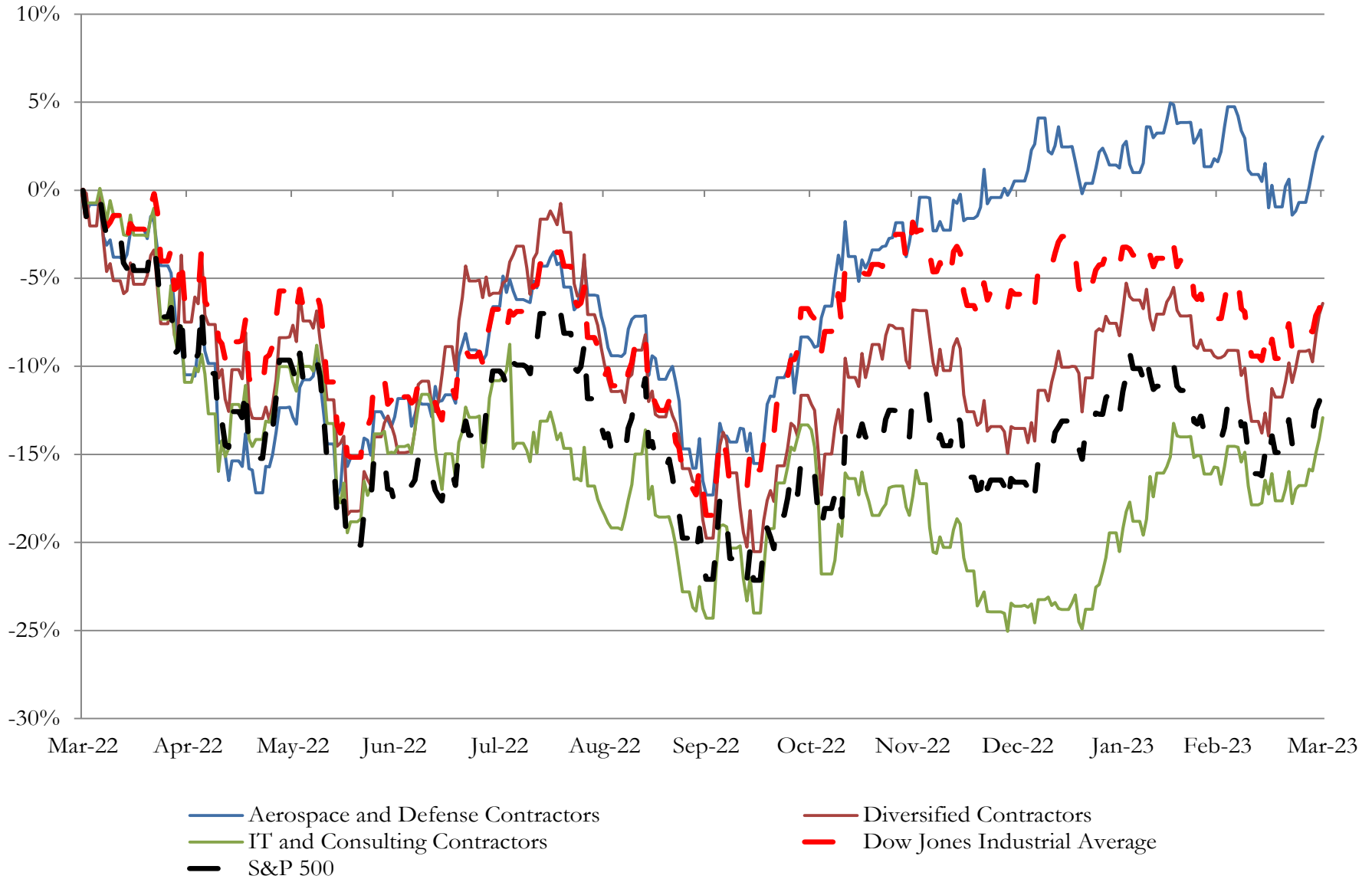
Return Profile, Trading Metrics

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	-0.2%	N/A	6.9%	2.5%	0.5%	1.4x	2.5x	101.8x
Northrop Grumman Corporation	NOC	9.2%	34.7%	2.6%	21.0%	-12.1%	0.5x	2.3x	11.0x
TransDigm Group Incorporated	TDG	7.8%	N/A	15.3%	46.2%	20.5%	1.4x	10.0x	21.8x
Huntington Ingalls Industries, Inc.	HII	4.6%	18.4%	12.1%	10.8%	21.8%	0.6x	1.0x	9.6x
Hexcel Corporation	HXL	3.6%	8.3%	19.1%	18.4%	38.8%	1.2x	4.0x	21.7x
Triumph Group, Inc.	TGI	4.3%	N/A	-10.9%	10.9%	-35.2%	2.6x	1.6x	14.8x
AAR Corp.	OSIS	5.2%	8.7%	7.4%	8.5%	20.8%	1.6x	1.1x	12.4x
OSI Systems, Inc.	AIR	4.7%	16.4%	1.6%	12.3%	-12.1%	0.9x	1.8x	14.3x
	Mean	4.9%	17.3%	6.8%	16.3%	5.4%	1.3x	3.0x	25.9x
Source: Capital IQ	Median	4.6%	16.4%	7.2%	11.6%	10.5%	1.3x	2.0x	14.6x

3

LTM Equity Performance

Major Indexes



Source: Capital IQ

4

Recent M&A Activity

Last Twelve (12) Months as of March 31, 2023

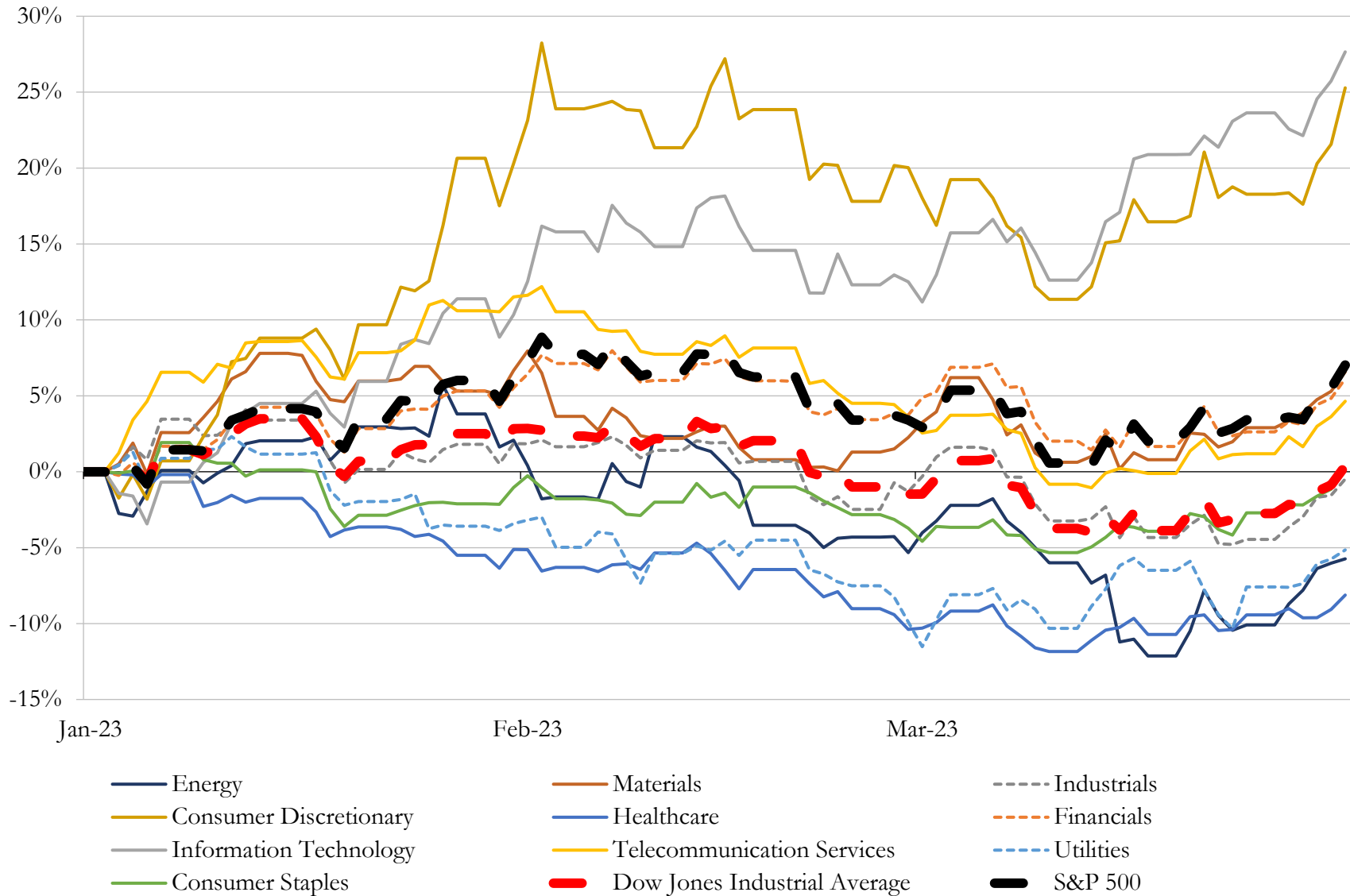
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
May-22	Assets Of The Engineering Division Of Southern Research Institute	Kratos Defense & Security Solutions, Inc.	\$80
Mar-23	Linearizer Communications Group	MACOM Technology Solutions Holdings, Inc.	\$49
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
Feb-23	Aviation & Missile Solutions, LLC	N/A	\$18
Mar-23	Substantially All of the Assets of Enstrom Helicopter Corp.	MidTex Aviation, LLC	\$11
Mar-23	Global Technology And Management Resources, Inc.	Castellum, Inc.	\$7
Apr-22	Business and Assets and Liabilities of L3Harris Technologies, Inc.	EMCORE Corporation	\$5
Jan-23	Worldwide Aircraft Services, Inc.	Air T, Inc.	\$3
May-22	All Assets of Fox Labs International, Inc.	Byrna Technologies Inc.	\$2
Mar-23	Diversified Manufacturing of California, Inc.	North American Specialty Laminations	N/A
Mar-23	ZIN Technologies, Inc.	Voyager Space Holdings, Inc.	N/A
Mar-23	Ace Aeronautics, LLC	International Defense & Aerospace Group, LLC	N/A
Mar-23	Herley Industries, Inc.	Cobham Advanced Electronic Solutions Inc.	N/A
Mar-23	Swanda Aerospace, LLC	Congruent Investment Partners, LLC	N/A
Mar-23	Golden Isles Aviation	Odyssey Aviation U.S.	N/A
Feb-23	Mystic Jet Center/Columbia Air Services-BHB/Columbia Air Services-RUT	Modern Aviation Inc.	N/A
Feb-23	Constant Aviation, LLC	Flexjet, LLC.	N/A
Feb-23	Bettanini's Custom Manufacturing, Inc.	ARCH Medical Solutions Corp.	N/A
Feb-23	Launcher Inc.	Vast	N/A
Feb-23	Electronic Manufacturers Associated	N/A	N/A
Feb-23	Dynamic Precision Group, Inc.	Whitcraft LLC (nka:Pursuit Aerospace)	N/A
Feb-23	Capability Analysis & Measurement Organization, LLC	LinQuest Corporation	N/A
Feb-23	Western Jet Aviation, Inc.	StandardAero, Inc.	N/A
Jan-23	Specialty Products Company	Momentum Manufacturing Group	N/A
Jan-23	IF Armor International, LLC	The Armored Group, LLC	N/A
Jan-23	Compendium Federal Technology, LLC	Boathouse Capital	N/A
Jan-23	Frontgrade Technologies	Veritas Capital Fund Management, L.L.C	N/A
Jan-23	Dzyne Technologies Incorporated	Highlander Partners, L.P.	N/A
Jan-23	A&H Security Enterprises, LLC	Dedrone Holdings, Inc.	N/A

Source: Capital IQ

5 Change in Market Capitalization by Sector

Last Three (3) Months as of March 31, 2023

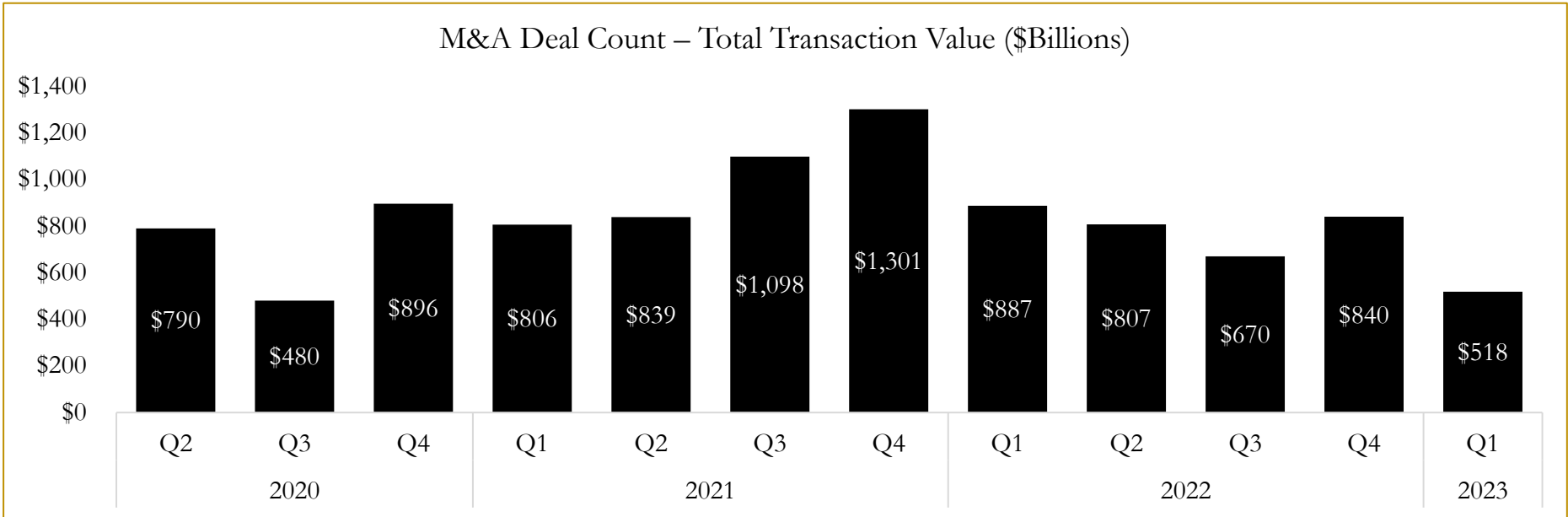
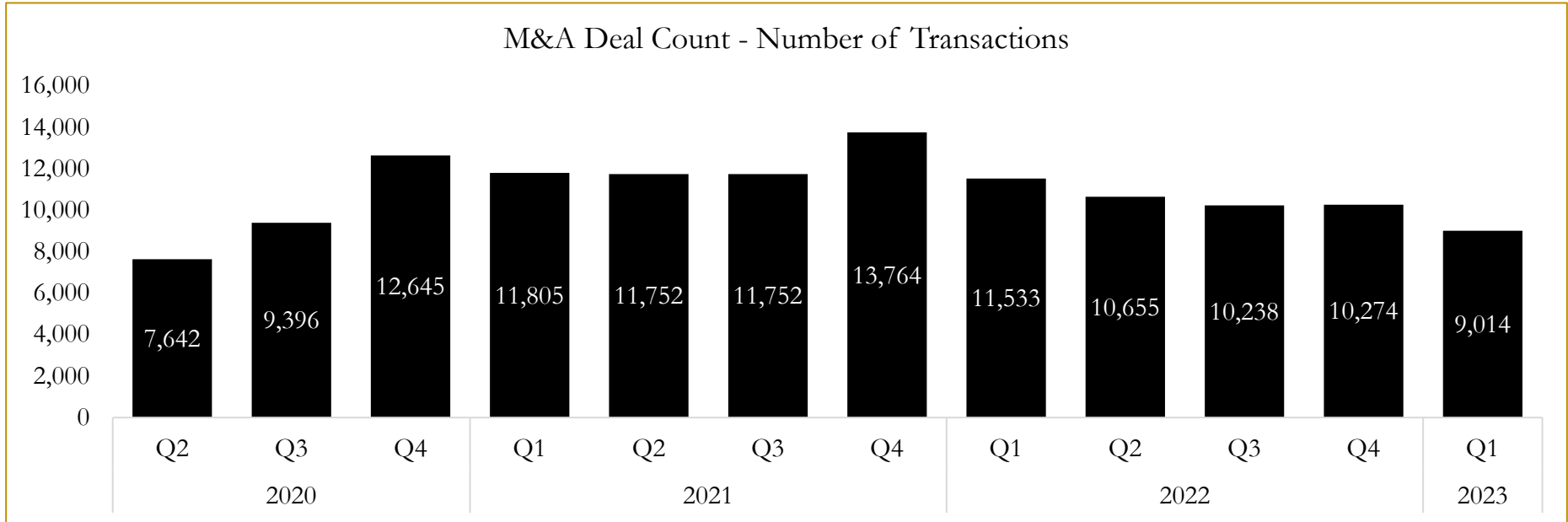


Source: Capital IQ

6

M&A Deal Flow Statistics

Last Three (3) Years as of March 31, 2023



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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