

Aerospace and Defense

INDUSTRY SUMMARY

COGENT VALUATION identified Aerospace and Defense publicly traded companies, IPOs, and recent M&A transactions within the Aerospace and Defense industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since September 30, 2016, the median 52-week share price return of the Aerospace and Defense industry was 26.0%. Between September 30, 2015 and September 30, 2017, the median EV/EBITDA multiple increased from 10.0 to 13.3. Furthermore, the median price-to-earnings multiple increased from 19.2 to 27.4 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.4% and 12.9%, respectively.

Public Company Key Statistics

Median 52-Week
Return

32.5%

Median Year to Date
Return

18.2%

Median EV/Revenue
Multiple

1.6x

Median EV/EBITDA
Multiple

13.3x

Median Price/Earnings
Multiple

27.4x

Median EV/Gross CF
Multiple

25.7x

Comparable Public Company Market Price Returns as of September 30, 2017

	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
AAR Corp.	5.2%	3.4%	48.9%	4.4%	8.0%	25.7%	-5.4%	-0.8%
Ability Inc.	-53.8%	-35.4%	-67.3%	N/A	N/A	-72.0%	N/A	N/A
Aerojet Rocketdyne Holdings, Inc.	15.9%	-4.1%	13.8%	0.5%	2.9%	14.6%	-14.4%	1.6%
DigitalGlobe, Inc.	16.2%	1.7%	55.7%	9.5%	6.2%	83.0%	-49.4%	-24.7%
Ducommun Incorporated	23.6%	9.7%	59.7%	10.9%	6.5%	57.6%	-35.8%	-15.2%
Elbit Systems Ltd.	21.7%	8.0%	36.5%	25.3%	26.0%	15.2%	44.0%	1.0%
Embraer S.A.	-7.0%	-16.9%	-16.3%	-22.5%	-20.7%	-35.5%	-17.1%	15.0%
Engility Holdings, Inc.	-15.7%	-1.9%	34.5%	6.2%	-9.5%	3.8%	-24.1%	28.1%
Esterline Technologies Corporation	6.3%	10.2%	52.8%	-0.3%	-6.3%	10.1%	-26.1%	7.6%
Northrop Grumman Corporation	10.4%	7.9%	15.5%	27.2%	29.0%	23.2%	28.1%	28.6%
Orbital ATK, Inc.	12.1%	0.4%	15.5%	15.8%	-9.8%	-1.8%	-23.1%	-4.5%
Raytheon Company	13.7%	5.9%	18.8%	29.9%	20.5%	14.0%	15.1%	19.3%
Rockwell Collins, Inc.	13.3%	8.2%	23.4%	6.7%	10.4%	0.5%	9.3%	14.3%
SIFCO Industries, Inc.	-13.1%	-17.9%	-33.5%	-33.2%	-40.3%	-19.5%	-67.4%	3.8%
Sparton Corporation	-7.8%	4.8%	1.0%	-10.3%	-7.5%	19.3%	-29.5%	1.4%
Spirit AeroSystems Holdings, Inc.	-0.7%	0.0%	34.7%	2.5%	19.8%	16.5%	16.3%	26.3%
TAT Technologies, Ltd.	16.6%	4.1%	39.9%	22.5%	11.6%	18.2%	10.8%	-16.1%
Teledyne Technologies Incorporated	3.8%	0.9%	28.9%	10.0%	9.5%	38.7%	-13.7%	11.8%
Median of Industry Public Companies	8.4%	2.5%	26.1%	6.7%	6.5%	14.9%	-14.4%	3.8%

■ Highest Return
 ■ Lowest Return
 ■ Median Return

Public Company Median Multiples by Quarter

	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
EV/Revenues Multiple	1.6x	1.3x	1.5x	1.4x	1.3x	1.3x	1.1x	1.3x
EV/EBITDA Multiple	13.3x	12.3x	11.6x	12.1x	11.7x	10.9x	10.4x	10.6x
Price/Earnings Multiple	27.4x	25.1x	24.5x	23.9x	22.7x	23.2x	20.8x	20.7x
EV/Gross Cash Flows Multiple	25.7x	23.4x	22.8x	19.0x	19.9x	25.6x	20.1x	16.8x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Aerospace and Defense (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
5/17/17	Velocity Composites plc	\$1.10	16.5	\$18.7	\$7.5	\$2.9	\$17.8	\$0.0	(\$0.3)	\$0.4
4/26/17	Aquabotix Technology Corporation	\$0.15	35.0	\$5.2	\$0.6	\$0.2	\$0.8	\$0.2	\$0.1	\$0.2
6/20/16	DroneShield Limited	\$0.15	35.0	\$5.2	N/A	N/A	N/A	N/A	N/A	N/A
6/7/16	GomSpace Group AB (publ)	\$1.54	8.0	\$12.3	\$4.0	\$1.2	\$4.9	\$0.6	\$0.2	\$0.8
11/18/15	Hizeaero Co., Ltd.	\$15.42	4.4	\$67.5	\$52.7	\$30.9	\$28.0	\$5.8	\$2.5	\$7.1
9/30/15	LIG Nex1 Co., Ltd.	\$64.19	6.9	\$442.9	\$1,564.3	\$136.2	\$1,427.5	\$126.3	\$58.8	\$153.2
2/23/15	Martin Aircraft Company Limited	\$0.30	67.5	\$20.3	\$1.1	\$0.0	\$0.0	(\$3.2)	(\$3.2)	(\$3.1)
12/22/14	Aerospace Technology Of Korea, Inc.	\$8.66	2.9	\$24.7	N/A	N/A	N/A	N/A	N/A	N/A
11/16/14	Strat Aero Plc	\$0.13	8.1	\$1.0	N/A	N/A	N/A	N/A	N/A	N/A
7/9/14	Starburst Holdings Limited	\$0.25	50.0	\$12.5	\$31.9	\$6.0	\$16.7	\$8.4	\$6.9	\$8.7
6/24/14	FACC AG	\$12.91	20.4	\$263.3	\$786.1	\$292.3	\$769.3	\$114.4	\$39.9	\$129.6
12/22/13	Figeac Aero Société Anonyme	\$12.59	1.9	\$24.0	\$253.4	\$113.1	\$180.3	\$39.3	\$15.3	\$50.5
6/27/13	Delta Drone SA	\$6.37	0.6	\$3.8	\$6.7	\$1.8	\$2.7	(\$0.8)	(\$0.6)	(\$0.7)
4/10/12	Erickson Incorporated	\$8.00	3.8	\$38.4	\$233.9	\$131.9	\$152.8	\$25.0	\$15.9	\$32.3
11/28/11	AVTECH Sweden AB (publ)	\$0.86	2.5	\$2.2	\$2.7	\$1.1	\$1.4	\$0.1	\$0.0	\$0.2
Median of all IPOs		nm	nm	\$18.7	\$19.7	\$4.4	\$17.3	\$3.2	\$1.3	\$3.9

Multiple year periods are calculated as the average annual return.

■ Highest Return
 ■ Lowest Return
 ■ Median Return

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
7/10/17	LMI Aerospace, Inc.	Sonaca SA	\$432.3	100%	\$346.2	\$34.3	1.2x	12.5x
7/5/17	Dunlop Aircraft Tyres Ltd.	Liberty Hall Capital	\$135.0	100%	N/A	N/A	N/A	N/A
6/27/17	Gardner Group Limited	Chengdu Aerospace	\$405.6	100%	\$186.6	N/A	2.2x	N/A
6/15/17	Cassidian SAS	Airbus Defence	\$14.8	100%	N/A	N/A	N/A	N/A
6/12/17	Aerospace Holdings, Inc.	Harlow Aerostructures	\$16.1	100%	N/A	N/A	N/A	N/A
5/31/17	Aero-Missile Components	Apollo Aerospace Components	\$10.5	100%	N/A	N/A	N/A	N/A
5/2/17	B/E Aerospace, Inc.	Rockwell Collins, Inc.	\$8,817	100%	\$2,861.7	\$606.3	2.8x	13.3x
7/10/17	Jiffy Air Tool, Inc.	Florida Pneumatic Mfg.	\$8.0	100%	N/A	N/A	N/A	N/A
7/5/17	Sotera Defense Solutions	The KEYW Corporation	\$365.7	100%	\$263.5	\$22.4	1.3x	15.6x
4/3/17	Custom Control Concepts	Astronics Custom Control	\$10.7	100%	N/A	N/A	N/A	N/A
3/31/17	Avio S.p.A.	Leonardo - Finmeccanica	\$149.7	86%	N/A	N/A	N/A	N/A
3/17/17	Eicher Engineering Solutions	Segula Tecnologias Espala	\$1.9	100%	N/A	N/A	N/A	N/A
1/9/17	FluxData, Inc.	Halma plc	\$27.5	100%	\$5.2	N/A	5.3x	N/A
1/4/17	Teletronics Technology Corp.	Curtiss-Wright Controls	\$233.0	100%	N/A	N/A	N/A	N/A
12/22/16	Pacific Safety Products Inc.	Med-Eng Holdings ULC	\$11.9	100%	\$15.0	\$0.4	0.8x	26.5x
12/21/16	LATECOERE Services SAS	Groupe ADF SAS	\$67.4	100%	\$113.5	N/A	0.6x	N/A
12/9/16	IPI Solutions Ltd.	Ideagen PLC	\$8.9	100%	\$2.1	\$0.4	3.3x	16.5x
12/1/16	Camber Corporation	Huntington Ingalls	\$380.0	100%	\$364.0	N/A	1.0x	N/A
11/16/16	The Radiant Group, Inc.	DigitalGlobe, Inc.	\$140.0	100%	N/A	N/A	N/A	N/A

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

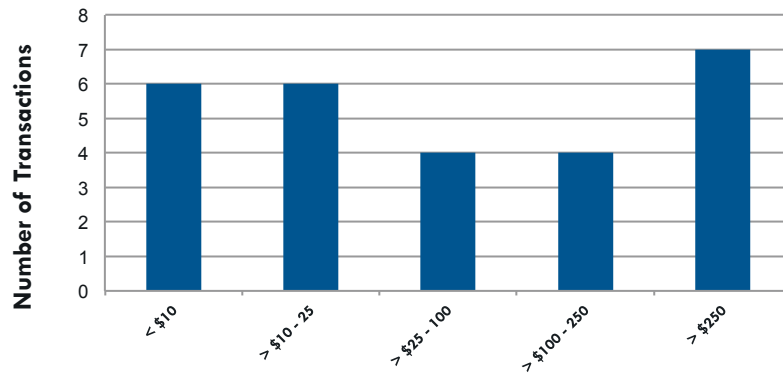
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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
10/17/16	NanoSpace AB	GS Sweden AB	\$380.0	100%	\$364.0	N/A	1.0x	N/A
9/16/16	Honeywell Technology	KBR Holdings, LLC	\$140.0	100%	N/A	N/A	N/A	N/A
9/9/16	American Science	OSI Systems, Inc.	\$2.9	100%	N/A	N/A	N/A	N/A
8/26/16	Crimson Trace Corporation	Smith & Wesson	\$300.0	100%	N/A	N/A	N/A	N/A
8/1/16	Explomo Technical Services	N/A	\$269.1	100%	\$103.0	(\$0.4)	1.8x	N/A
7/22/16	Kreisler Manufacturing	United Flexible, Inc.	\$95.0	100%	\$44.0	N/A	2.2x	N/A
7/14/16	Sarl Techno-Meca	Tecnoquark Trust, S.A.	\$2.2	100%	N/A	N/A	N/A	N/A
7/11/16	Kent Periscopes Ltd.	Gooch & Housego plc	\$34.5	100%	\$34.4	\$3.7	0.8x	7.6x
Median of the 28 M&A Transaction Targets			\$2.8	100%	\$3.3	\$0.7	0.8x	4.2x

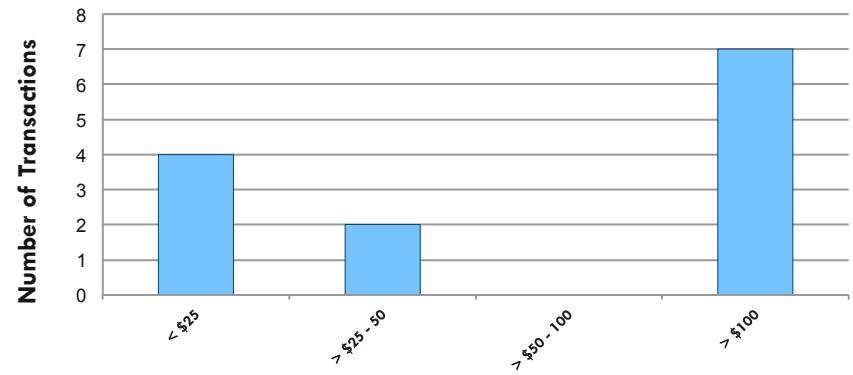
USA
 International
 Highest
 Lowest
 Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2017

Size of M&A Transactions



LTM Revenues Reported from M&A Transactions



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Definitions of Financial Terms Used in this Quarterly Industry Update: Enterprise Value (EV): Market Value of Equity + Market Value of Debt
—Cash Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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