

## 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 December 31, 2016, the median 52-week share price return of the Aerospace and Defense industry was 14.6%. Between December 31, 2015 and December 31, 2017, the median EV/EBITDA multiple increased from 10.6 to 14.0. Furthermore, the median price-to-earnings multiple increased from 20.7 to 28.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.8% and 9.9%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

21.4%

Median Year to Date  
Return

21.4%

Median EV/Revenue  
Multiple

1.6x

Median EV/EBITDA  
Multiple

14.0x

Median Price/Earnings  
Multiple

28.3x

Median EV/Gross CF  
Multiple

26.8x

## Comparable Public Company Market Price Returns as of December 31, 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%
<b>Median of Industry Public Companies</b>	<b>8.4%</b>	<b>2.5%</b>	<b>26.1%</b>	<b>6.7%</b>	<b>6.5%</b>	<b>14.9%</b>	<b>-14.4%</b>	<b>3.8%</b>

■ Highest Return
 ■ Lowest Return
 ■ Median Return

## Public Company Median Multiples by Quarter

	12/31/17	9/30/17	6/30/17	12/31/16	9/30/16	6/30/16	9/30/16	12/31/16
<b>EV/Revenues Multiple</b>	1.6x	1.3x	1.5x	1.4x	1.3x	1.3x	1.1x	1.3x
<b>EV/EBITDA Multiple</b>	13.3x	12.3x	11.6x	12.1x	11.7x	10.9x	10.4x	10.6x
<b>Price/Earnings Multiple</b>	27.4x	25.1x	24.5x	23.9x	22.7x	23.2x	20.8x	20.7x
<b>EV/Gross Cash Flows Multiple</b>	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	\$10.6	\$2.9	\$21.8	\$0.0	(\$0.3)	\$0.4
4/26/17	Aquabotix Technology Corporation	\$0.15	35.0	\$5.2	\$4.7	\$0.2	\$0.8	\$0.2	\$0.1	\$0.2
6/20/16	DroneShield Limited	\$0.15	35.0	\$5.2	\$4.7	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	N/A	\$30.9	N/A	\$5.8	\$2.5	\$7.1
9/30/15	LIG Nex1 Co., Ltd.	\$64.19	6.9	\$442.9	\$1,569	\$136.2	\$1,475.5	\$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	\$35.8	\$6.0	\$29.9	\$8.4	\$6.9	\$8.7
6/24/14	FACC AG	\$12.91	20.4	\$263.3	\$819.3	\$292.3	\$771.4	\$114.4	\$39.9	\$129.6
12/22/13	Figeac Aero Société Anonyme	\$12.59	1.9	\$24.0	\$291.5	\$113.1	\$205.1	\$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	\$245.5	\$131.9	\$160.0	\$25.0	\$15.9	\$32.3
11/28/11	AVTECH Sweden AB (publ)	\$0.86	2.5	\$2.2	N/A	\$1.1	\$0.0	\$0.1	\$0.0	\$0.2
<b>Median of all IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$18.7</b>	<b>\$10.6</b>	<b>\$4.4</b>	<b>\$21.8</b>	<b>\$3.2</b>	<b>\$1.3</b>	<b>\$3.9</b>

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	\$73.7	100%	\$346.2	\$34.3	1.2x	12.5x
7/5/17	Dunlop Aircraft Tyres Ltd.	Liberty Hall Capital	\$24.0	100%	N/A	N/A	N/A	N/A
6/27/17	Gardner Group Limited	Chengdu Aerospace	\$17.6	100%	\$186.6	N/A	2.2x	N/A
6/15/17	Cassidian SAS	Airbus Defence	\$432.3	100%	N/A	N/A	N/A	N/A
6/12/17	Aerospace Holdings, Inc.	Harlow Aerostructures	\$135.0	100%	N/A	N/A	N/A	N/A
5/31/17	Aero-Missile Components	Apollo Aerospace Components	\$405.6	100%	N/A	N/A	N/A	N/A
5/2/17	B/E Aerospace, Inc.	Rockwell Collins, Inc.	\$14.8	100%	\$2,861.7	\$606.3	2.8x	13.3x
7/10/17	Jiffy Air Tool, Inc.	Florida Pneumatic Mfg.	\$16.1	100%	N/A	N/A	N/A	N/A
7/5/17	Sotera Defense Solutions	The KEYW Corporation	\$10.5	100%	\$263.5	\$22.4	1.3x	15.6x
4/3/17	Custom Control Concepts	Astronics Custom Control	\$8,187.6	100%	N/A	N/A	N/A	N/A
3/31/17	Avio S.p.A.	Leonardo - Finmeccanica	\$8.0	86%	N/A	N/A	N/A	N/A
3/17/17	Eicher Engineering Solutions	Segula Tecnologias Espala	\$365.7	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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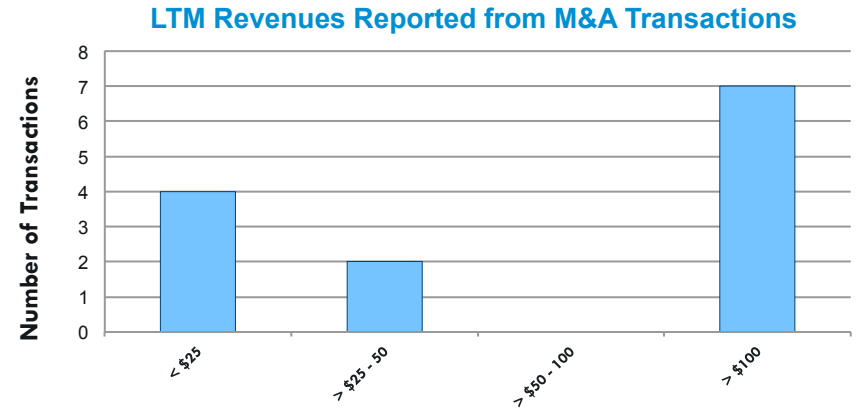
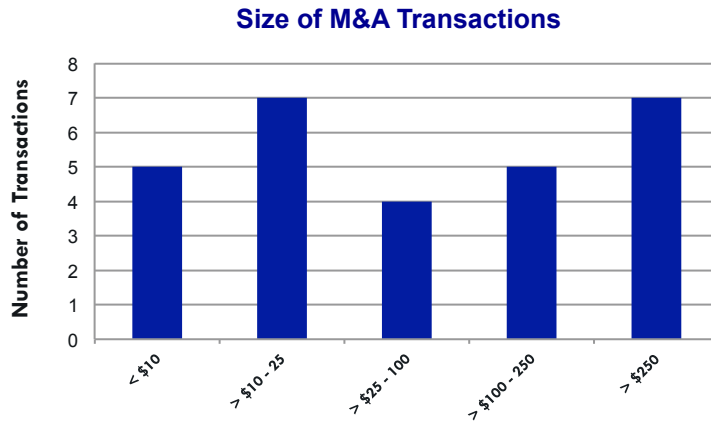
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
10/17/16	<b>NanoSpace AB</b>	<b>GS Sweden AB</b>	\$11.9	100%	\$364.0	N/A	1.0x	N/A
9/16/16	<b>Honeywell Technology</b>	KBR Holdings, LLC	\$67.4	100%	N/A	N/A	N/A	N/A
9/9/16	<b>American Science</b>	OSI Systems, Inc.	\$8.9	100%	N/A	N/A	N/A	N/A
8/26/16	<b>Crimson Trace Corporation</b>	Smith & Wesson	\$380.0	100%	N/A	N/A	N/A	N/A
8/1/16	<b>Explomo Technical Services</b>	N/A	\$140.0	100%	\$103.0	(\$0.4)	1.8x	N/A
7/22/16	<b>Kreisler Manufacturing</b>	United Flexible, Inc.	\$140.0	100%	\$44.0	N/A	2.2x	N/A
7/14/16	<b>Sarl Techno-Meca</b>	<b>Tecnoquark Trust, S.A.</b>	\$2.2	100%	N/A	N/A	N/A	N/A
7/11/16	<b>Kent Periscopes Ltd.</b>	Gooch & Housego plc	\$34.5	100%	\$34.4	\$3.7	0.8x	7.6x
<b>Median of the 28 M&amp;A Transaction Targets</b>			<b>\$2.8</b>	<b>100%</b>	<b>\$3.3</b>	<b>\$0.7</b>	<b>0.8x</b>	<b>4.2x</b>

USA
  International
  Highest
  Lowest
  Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of December 31, 2017



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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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