



# Aerospace, Defense & Security

Strategic Market Insights – Q4 2016 Report

Release Date: Tuesday, February 7, 2017

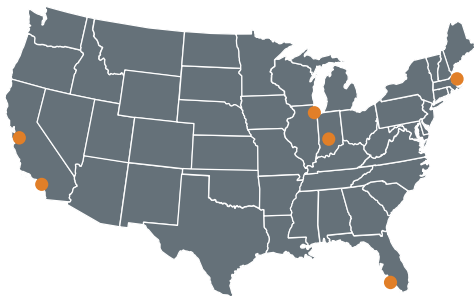


# G2 Overview

## Investment Banking and Restructuring Advisory

G2 Capital Advisors is pleased to present its Aerospace, Defense & Security industry update for Q4 2016, providing commentary and analysis on M&A and market trends within the Aerospace, Defense & Security industry. We hope you find this report helpful and encourage you to contact us directly if you would like to discuss our perspective on the current market environment, trends, or our relevant industry experience.

**THIRTY-FIVE** professionals



across **SIX** offices

**FOUR** Sector Practice Groups



Transportation & Logistics / Supply Chain



Technology / Business Services



Aerospace & Defense / Security



Industrials / Manufacturing

**FIVE** Service Offerings

Securities



Sell-Side

Buy-Side



Operational Restructuring

Financial Restructuring



# G2 Overview

## Sector-Focused; Experience-Based

G2 is focused in four sectors; each practice group headed by a leader with 20+ years of C-level operating experience. G2's managing directors have navigated all stages of the corporate lifecycle, from growth to maturity, and apply that experience to provide advisory services to our clients.



Transportation & Logistics / Supply Chain

**Led by Ron Lentz**

- Freight Forwarding
- Trucking / Final Mile
- Warehousing / Distribution
- Third Party Logistics (3PL)
- E-Commerce Fulfillment



Industrials / Manufacturing

**Led by Jack Shields**

- Manufacturing / Distribution
- Flooring
- Plastics / Packaging
- Consumer Products
- Metals



Technology / Business Services

**Led by Matt Konkle**

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services



Aerospace & Defense / Security

**Led by Bob Kinder**

- Cyber Security
- Defense Robotics
- UAV, C4ISR, Hardware
- Aerospace Electronics
- Aerospace Components

G2 offers clients an operational, experience-based approach within each of its practice sectors.

# Market Update

## G2 Insights

2017 will be a year of change within the Aerospace, Defense & Security industries led by the expectation of critical shifts in strategy under the new administration. Overall, we are bullish to the heightened focus in the sector and the expected increase in funding that will benefit the defense contractors universe; notwithstanding a new emphasis on controlling costs. Below highlights some preliminary considerations that may shift due to key decisions on spending, size of the military and readiness based on major threats posed by violent extremism, Iran, North Korea, China and Russia.

	Commentary	Headwinds / Tailwinds
<b>Overall Defense Budget</b>	Leading with the expected repeal of sequestration, a new national security policy could add \$250 billion more to U.S. military funding over the next four years	
<b>Naval Build Out Strategy</b>	New calls for 350 surface ships and submarines, up from 276 today and over current target of 308 ships over the next 10 years	
<b>Cyber Warfare Technologies</b>	Pressing needs to invest heavily in offensive cyber capabilities to disrupt enemies and shoring up domestic IT vulnerabilities	
<b>F-35</b>	DoD's marquee program, F-35 may face a new emphasis on cost cutting. Possible threat of downsizing of the program may create ripples in the supply chain	
<b>Prog Mgmt. / Acquisition Support</b>	Most funding increases are expected to pay for soldiers, not equipment. Combined with potential cost control strategies, sector may experience tightness in funding	
<b>Foreign Military Sales (FMS)</b>	Expected U.S. heightened desire to have allies share more of the financial burden for security could drive a decrease in overall FMS deals (~\$50 Billion annually)	

Sources: [defensenews.com](http://defensenews.com); [theconservativetreehouse.com](http://theconservativetreehouse.com); [politico.com](http://politico.com)

# Aerospace, Defense & Security

## G2 Case Study

Issuer: K2 Solutions, Inc  
 Capital Provider: Undisclosed  
 Investment Date: November 2016



Undisclosed

### Transaction Overview:

- [Undisclosed] provided the company with a working capital financing facility to support it's continued growth

### G2 Commentary:

- K2 Solutions, Inc. offers services to the U.S. Government's operational, development and scientific/technical communities and to public and private entities with related requirements. The company fields a qualified team of professionals, many of whom are former Special Forces personnel, who possess proven and current real-world expertise in a range of anti-terrorism and force protection tactics, techniques and procedures
- In 2007, the Company recognized the growing market for Military Working Dogs and opened a full canine training and support facility for Naval Special Warfare Command. Today, the company continues to focus on three service areas including Canines, Special Operations, and Logistics, each delivering specific, tailored, and innovative solutions to clients
- G2 acted as an advisor to K2 Solutions

# Aerospace, Defense & Security

Bob Kinder, Managing Director

G2 Capital Advisor's Aerospace, Defense & Security industry practice leader, Bob Kinder, a retired military officer with over 20 years of service in both the U.S. Air Force and Army special operations communities, specializes in executing complex M&A transactions, restructurings, and strategic planning initiatives.

Company	Title	Role
	Senior Advisor	Developed the training requirements for the 130,000+, multi-national team in Afghanistan.
	Senior Advisor	Directed and led a \$72M, national security project in Afghanistan. Won \$250M contract away from a seven-year incumbent.
	President	Effected \$15M+ YoY growth for a startup through joint ventures and alliances.
	Expert Analyst	Regular expert analyst on national security issues for major news outlets.
	Published Author	Published author in Boston Globe, New York Daily News, Atlantic, the Harvard Gazette, and the Harvard Kennedy School Review.






**Bob Kinder**  
Practice Leader  
Aerospace, Defense & Security

# Aerospace, Defense & Security

Alex Koblansky, Vice President

Alex Koblansky brings 10+ years of M&A transaction experience to G2's Aerospace, Defense & Security practice group. Prior to joining G2 Capital Advisors, Alex was Vice President in the Aerospace, Defense & Government Services Industry Group at Stifel, Nicolaus & Company, Incorporated where he supervised and led on all aspects of transaction execution and due diligence.

Company	Title	Role
	Vice President	Aerospace, Defense and Government Services industry expertise specializing in mergers, acquisitions, and divestures transactions as well as raising equity and debt in the public and private capital markets.
	Associate	Originated structured and securitized lending solutions for clients.
	Analyst	Liaison representative between the Mayor and international community (City of Charlotte, North Carolina).



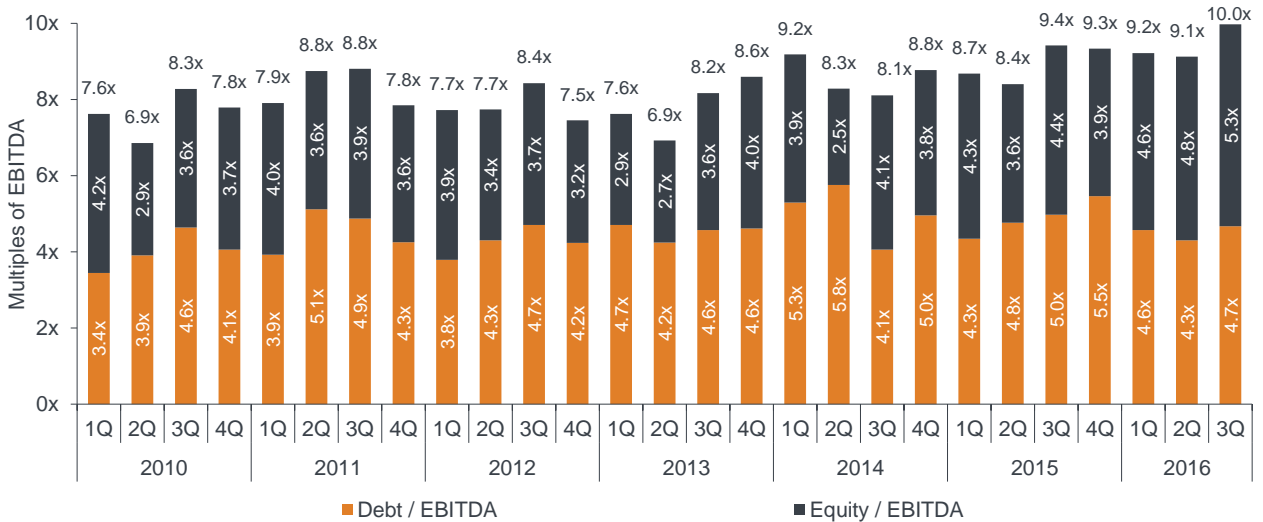
**Alex Koblansky**  
Vice President  
Aerospace, Defense & Security

# Aerospace, Defense & Security

## M&A Activity – Middle Market

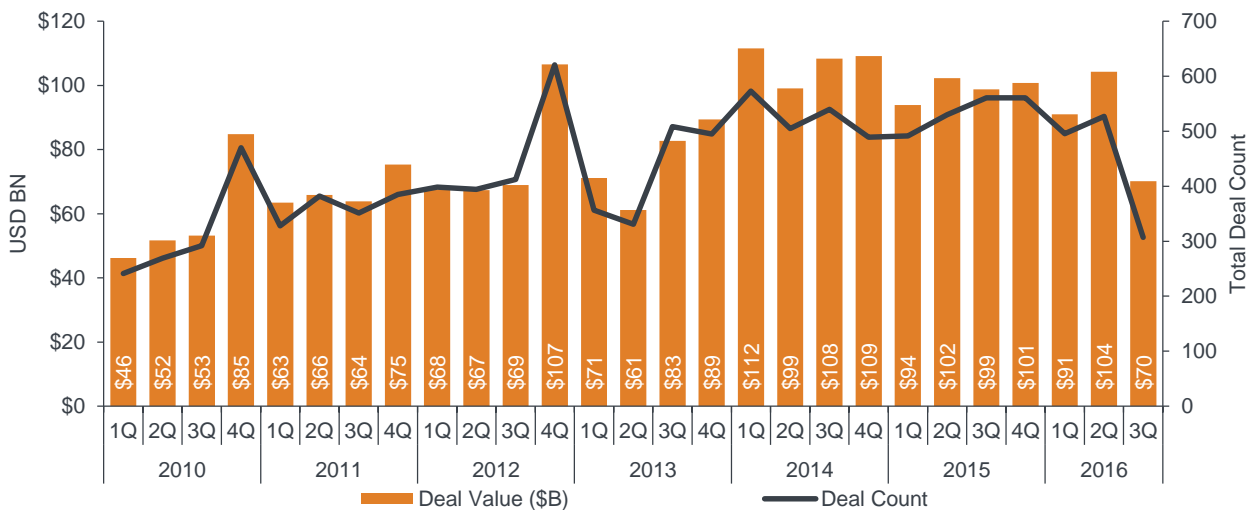
Total deal activity dropped to its lowest level since Q2 2013; overall however, deal multiples remain strong. Though there has been some pullback in capital markets, debt remains a strong driver of transaction valuations.

### M&A Transaction Multiples



M&A transaction multiples are an average of North American and European M&A activity independent of target / acquirer industry and enterprise value. The dataset has been restricted to multiples between 0.0x and 30.0x EBITDA; sourced through Pitchbook's 2016 Annual M&A Report.

### U.S. Middle Market Private Equity Activity



The U.S. Middle Market as shown in this chart has been defined as companies with an enterprise value between \$25MM and \$1,000MM, and headquartered in the United States.

Data sourced through PitchBook on Friday, December 30, 2016

# Aerospace, Defense & Security

## Selected Industry Deals Q4 2016

Several notable transactions have already been completed or announced in the Aerospace, Defense & Security industry through 2016 Q4. G2 has outlined select transactions below, followed by a more comprehensive list on the following tables.

- **Teletronics Technology acquired by Curtiss-Wright (December 2016)** – Curtiss-Wright Corporation has entered into a definitive stock purchase agreement to acquire Teletronics Technology Corporation (TTC) for \$233 MM in cash. TTC, a private company, is a leading designer and manufacturer of high-technology data acquisition and comprehensive flight test instrumentation systems for critical aerospace and defense applications
- **Camber acquired by Huntington Ingalls (November 2016)** - The acquisition valued at \$380 MM is intended to diversify Huntington Ingalls' revenue stream, add new information technology work with the U.S. defense, intelligence and civilian agencies and boost Huntington Ingalls' bottom line and cash flow in the first full year
- **B/E Aerospace announced to be acquired by Rockwell Collins (October 2016)** - Rockwell Collins Inc. agreed to pay \$6.4 BN to buy B/E Aerospace Inc. in a deal that would unite two of the biggest suppliers to airlines and plane makers. The consolidation of the aerospace industry continues as suppliers adjust to pressures from Airbus Group SE and Boeing Co. to cut costs and gain efficiency

# Aerospace, Defense & Security

## Key Trading Statistics

Sector	Number of Companies	Median Enterprise Value (MM)	FY 2016 <sup>1</sup>		LTM <sup>2</sup>		2016 <sup>3</sup>	
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA	EV / Revenue	EV / EBITDA
Aerospace Structures	12	1,492	0.8%	4.0%	1.3x	7.7x	1.3x	9.2x
Aerospace Technology	8	5,164	0.9%	1.9%	3.0x	13.0x	2.8x	11.9x
Government Consulting & Engineering	8	5,613	0.7%	4.6%	1.1x	11.3x	0.9x	9.7x
Government Defense Technology	14	8,700	2.0%	11.8%	1.7x	13.2x	1.5x	12.1x
Maintenance, Repair, Operations	7	4,483	2.2%	3.0%	1.3x	11.6x	1.2x	10.3x
Security	9	1,308	7.9%	12.6%	3.6x	10.9x	3.4x	12.7x

<sup>1</sup> Estimated – 2016 Fiscal Year

<sup>2</sup> LTM Multiples as at Friday, December 30, 2016

<sup>3</sup> Average daily multiple for 2016

Sector Summary in Millions USD (converted where necessary)  
Data sourced from S&P Capital IQ on Friday, December 30, 2016

# Aerospace, Defense & Security

## Recent Deal Activity – Pending & Closed

### Aerospace Structures

Date Closed	Target	Acquirer / Investor	Implied Enterprise Value (MM)	EV / EBITDA	EV / Revenue
Pending	Pacific Safety Products Inc.	MKU Limited	\$12.60	28.7x	0.8x
Pending	B/E Aerospace, Inc.	Rockwell Collins, Inc.	\$8,228.50	13.6x	2.9x
Dec-16	Scotia Technology	United Flexible, Inc.	-	-	-
Dec-16	Diamond Aircraft Industries Inc.	Wanfeng Aviation Co., Ltd.	-	-	-
Nov-16	Boom Technology, Inc.	National Response Corporation	-	-	-
Nov-16	Flanagan Industries Limited Partnership	EDAC Technologies Corporation	-	-	-
Oct-16	Paradigm Machine Inc.	MAX Aerostructures, LLC	-	-	-
Oct-16	Triumph Aerospace Systems - Newport News, Inc.	Calspan Holdings, LLC	-	-	-

### Aerospace Technology

Date Closed	Target	Acquirer / Investor	Implied Enterprise Value (MM)	EV / EBITDA	EV / Revenue
Pending	Stratocom Solutions Corp.	Carl Data Solutions Inc.	\$2.10	-	-
Pending	Teletronics Technology Corporation	Curtiss-Wright Corporation	\$233.00	-	-
Pending	IWG Technologies Inc.	1096777 B.C. Ltd.	\$9.60	5.8x	1.3x
Dec-16	TrueNorth Avionics, Inc.	Satcom Direct, Inc.	-	-	-
Nov-16	4DSP LLC	Abaco Systems Inc.	-	-	-
Nov-16	Costello/April Design, Inc.	The Heico Companies, LLC.	-	-	-

### Government Consulting & Engineering

Date Closed	Target	Acquirer / Investor	Implied Enterprise Value (MM)	EV / EBITDA	EV / Revenue
Dec-16	International Logistics Group, LLC	Advanced Core Concepts, LLC	-	-	-
Dec-16	CertifyNation, LLC	The Angelus Corporation	-	-	-
Nov-16	Mayday Manufacturing Co. and Hi-Tech Metals Inc	ESCO Technologies Inc.	-	-	-
Nov-16	LORENZ, INC.	Celestica Inc.	-	-	-
Nov-16	The Radiant Group, Inc.	DigitalGlobe, Inc.	\$140.00	-	-
Oct-16	Atlantic Precision Inc.	Precision Castparts Corp.	-	-	-
Oct-16	Star Aviation, Inc.	Carlisle Interconnect Technologies Inc.	-	-	-

Sector Summary in Millions USD (converted where necessary)  
Data sourced from S&P Capital IQ on Friday, December 30, 2016

# Aerospace, Defense & Security

## Recent Deal Activity – Pending & Closed

### Government Defense Technology

Date Closed	Target	Acquirer / Investor	Implied Enterprise Value (MM)	EV / EBITDA	EV / Revenue
Pending	Pacific Safety Products Inc.	Med-Eng Holdings ULC	\$11.60	26.5x	0.8x
Sep-16	Curved Skies, LLC	Southern Research Institute, Inc.	-	-	-
Sep-16	Honeywell Technology Solutions Inc.	KBR Holdings, LLC	\$300.00	-	-
Aug-16	Crimson Trace Corporation	Smith & Wesson Holding Corporation	\$95.00	5.9x	2.2x
Jul-16	Horus Vision, LLC.	The Ray Dennis Group of Companies	-	-	-
Jul-16	Alfalight, Inc.	Gooch & Housego plc	\$1.30	-	-

### Maintenance, Repair, Operations

Date Closed	Target	Acquirer / Investor	Implied Enterprise Value (MM)	EV / EBITDA	EV / Revenue
Dec-16	Ascent Aviation Services Corp.	Marana Aerospace Solutions, Inc.	-	-	-
Nov-16	Mattic Industries Ltd.	Lawson Products, Inc. (NasdaqGS:LAWS)	4.0x	-	-
Oct-16	Butler America Aerospace, LLC	HCL America, Inc.	85.0x	1x	-

### Security

Date Closed	Target	Acquirer / Investor	Implied Enterprise Value (MM)	EV / EBITDA	EV / Revenue
Dec-16	Camber Corporation	Huntington Ingalls Industries, Inc.	\$380.00	8.6x	1.0x
Nov-16	Clear Mountain Resources Corp.	Patriot One Technologies Inc.	-	-	-
Sep-16	Eyewitness Surveillance LLC	Undisclosed	-	-	-

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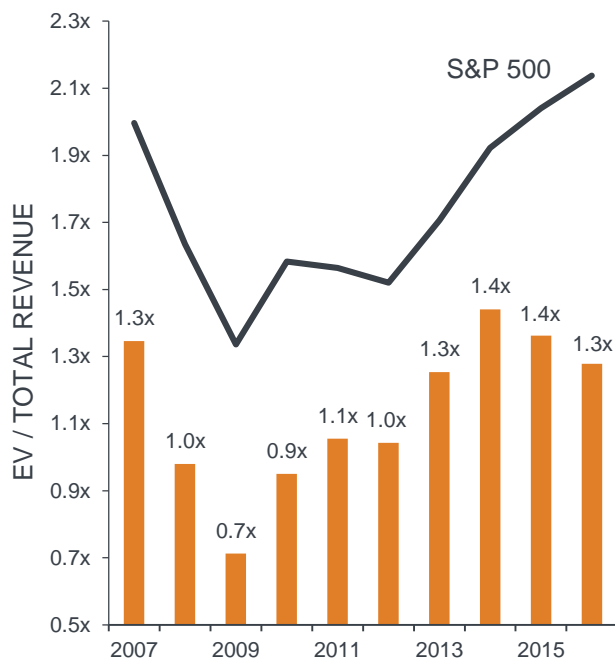
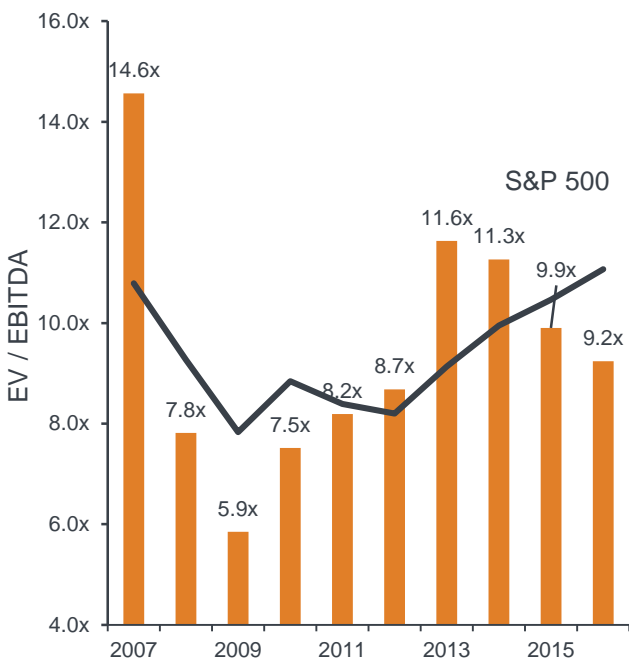


# Aerospace, Defense & Security

## Public Trading Metrics – Aerospace Structures

Industry	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean	18,614	16,192	1,346	9,593	1,635	12.3%	3,235	1.4x	1.3x	7.7x
Median	1,492	1,193	22	1,489	134	13.8%	275	1.8x	1.2x	9.4x

Company	Ticker	Size (Millions USD)					EBITDA Margin	Leverage		Valuation	
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA		LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Astronics Corporation	Nasdaqgs:ATRO	1,223	1,072	13	636	100	15.8%	161	1.6x	1.9x	12.2x
Héroux-Devtek	TSX:HRX	492	395	12	306	47	15.3%	104	2.2x	1.6x	10.5x
Ducommun Incorporated	NYSE:DCO	453	286	9	565	49	8.6%	177	3.6x	0.8x	9.3x
Kaman Corporation	NYSE:KAMN	1,721	1,326	26	1,828	158	8.6%	302	1.9x	0.9x	10.9x
LMI Aerospace, Inc.	Nasdaqgs:LMIA	365	116	2	350	38	10.9%	248	6.5x	1.0x	9.5x
Magellan Aerospace	TSX:MAL	927	779	3	769	126	16.4%	112	0.9x	1.2x	7.4x
Moog Inc.	NYSE:MOG.A	3,049	2,357	332	2,433	330	13.5%	1,000	3.0x	1.3x	9.3x
Senior plc	LSE:SNR	1,262	1,006	18	1,151	141	12.3%	205	1.4x	1.1x	8.9x
Spirit AeroSystems.	NYSE:SPR	7,534	7,098	698	6,793	951	14.0%	1,060	1.1x	1.1x	7.9x
Triumph Group, Inc.	NYSE:TGI	2,896	1,313	36	3,740	(170)	-4.5%	1,572	-9.3x	0.8x	-17.0x
Honeywell International	NYSE:HON	95,736	88,292	7,843	39,302	7,713	19.6%	12,182	1.6x	2.4x	12.4x
United Technologies	NYSE:UTX	107,712	90,262	7,157	57,244	10,134	17.7%	21,697	2.1x	1.9x	10.6x



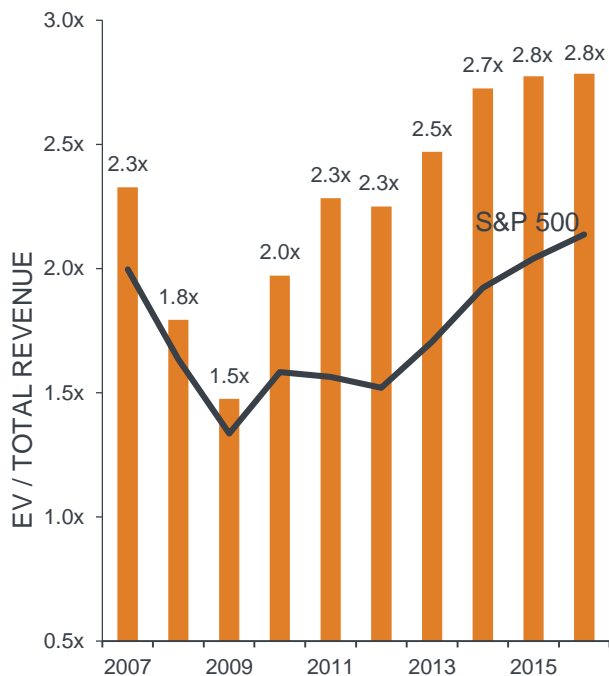
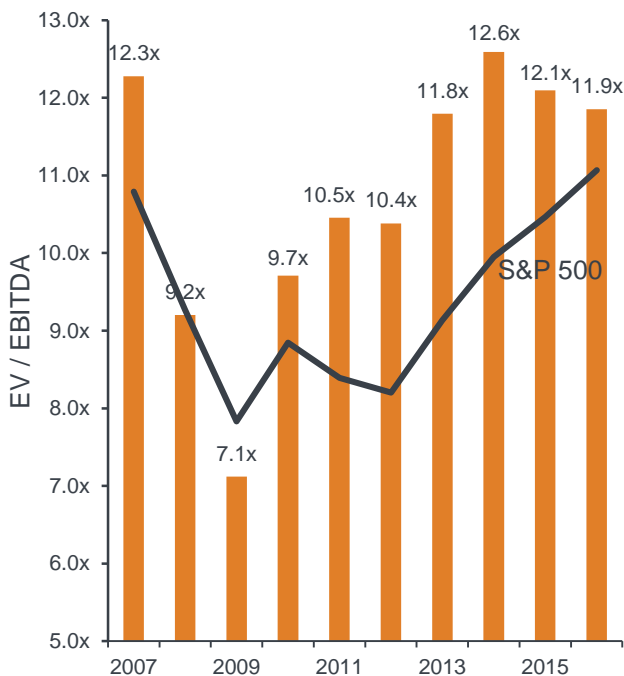
Sector Summary in Millions USD (converted where necessary)  
 Charts show average daily multiples for each year  
 Data sourced from S&P Capital IQ on Friday, December 30, 2016

# Aerospace, Defense & Security

## Public Trading Metrics – Aerospace Technology

Industry	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean	8,690	6,856	688	4,165	755	22.1%	2,405	2.6x	3.0x	13.0x
Median	5,164	4,585	113	2,165	381	20.1%	768	1.9x	2.5x	13.4x

Company	Ticker	Size (Millions USD)					EBITDA Margin	Leverage		Valuation	
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA		LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Barnes Group Inc.	NYSE:B	3,008	2,552	72	1,194	258	21.6%	512	2.0x	2.5x	11.7x
B/E Aerospace, Inc.	Nasdaqgs:BEAV	8,025	6,115	126	2,862	606	21.2%	2,036	3.4x	2.8x	13.2x
Curtiss-Wright Corporation	NYSE:CW	4,865	4,350	452	2,132	407	19.1%	966	2.4x	2.3x	11.9x
TransDigm Group	NYSE:TDG	21,973	13,281	1,587	3,171	1,446	45.6%	9,997	6.9x	6.9x	15.2x
Teledyne Technologies	NYSE:TDY	4,811	4,298	100	2,198	355	16.1%	493	1.4x	2.2x	13.6x
HEICO Corporation	NYSE:HEI	5,419	4,820	43	1,376	332	24.1%	455	1.4x	3.9x	16.3x
Rolls-Royce Holdings plc	LSE:RR.	16,507	15,166	3,040	18,369	2,311	12.6%	4,210	1.8x	0.9x	7.1x
Woodward, Inc.	Nasdaqgs:WWD	4,908	4,262	81	2,021	326	16.1%	570	1.7x	2.4x	15.0x



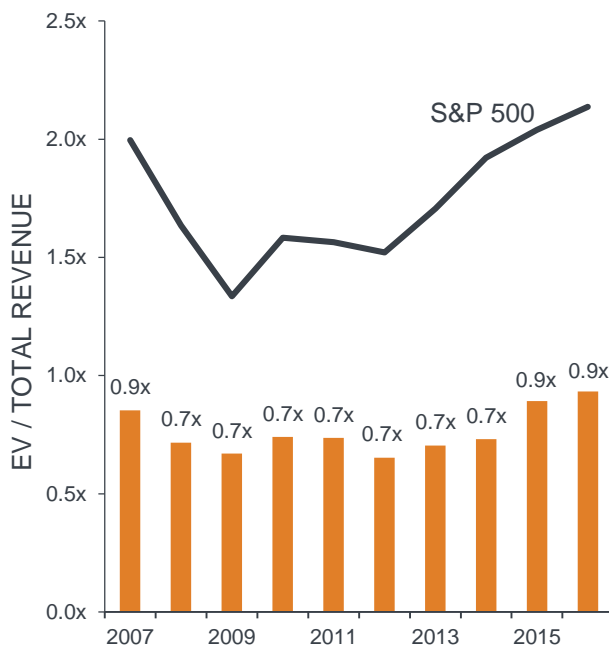
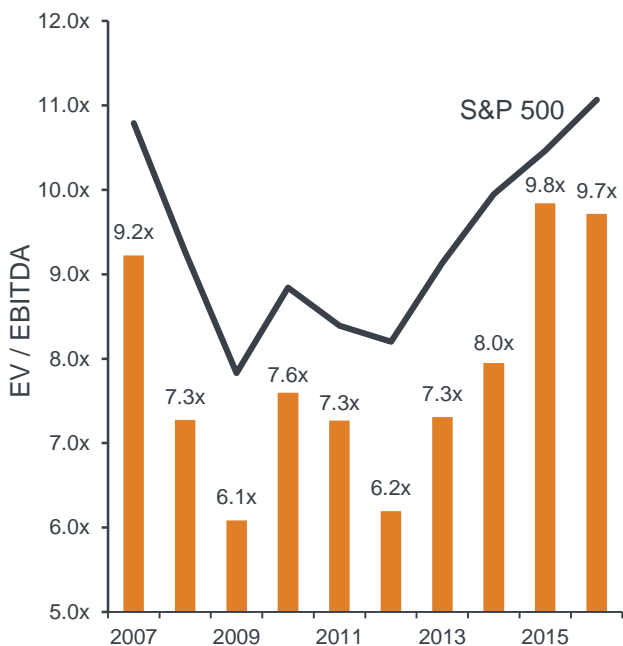
Sector Summary in Millions USD (converted where necessary)  
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# Aerospace, Defense & Security

## Public Trading Metrics – Government Consulting & Engineering

Industry	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean	6,014	5,164	327	5,114	516	9.3%	1,006	2.5x	1.1x	11.3x
Median	5,613	4,557	218	5,071	432	8.9%	1,046	2.6x	1.1x	11.9x

Company	Ticker	Size (Millions USD)					EBITDA Margin	Leverage		Valuation	
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA		LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Booz Allen Hamilton	NYSE:BAH	6,648	5,392	350	5,647	518	9.2%	1,485	2.9x	1.2x	12.8x
CGI Group Inc.	TSX:GIB.A	15,414	14,401	234	7,948	1,353	17.0%	1,282	0.9x	1.9x	11.4x
Computer Sciences	NYSE:CSC	10,900	8,367	1,054	7,358	922	12.5%	2,444	2.7x	1.5x	11.8x
Engility Holdings, Inc.	NYSE:EGL	2,273	1,239	61	2,107	180	8.5%	1,055	5.9x	1.1x	12.6x
ICF International,	Nasdaqgs:ICFI	1,318	1,046	10	1,176	110	9.3%	281	2.6x	1.1x	12.0x
Jacobs Engineering	NYSE:JEC	6,684	6,887	656	10,964	655	6.0%	385	0.6x	0.6x	10.2x
Science Applications	NYSE:SAIC	4,577	3,721	203	4,495	345	7.7%	1,038	3.0x	1.0x	13.3x
Vectrus, Inc.	NYSE:VEC	296	257	53	1,214	48	3.9%	78	1.6x	0.2x	6.2x



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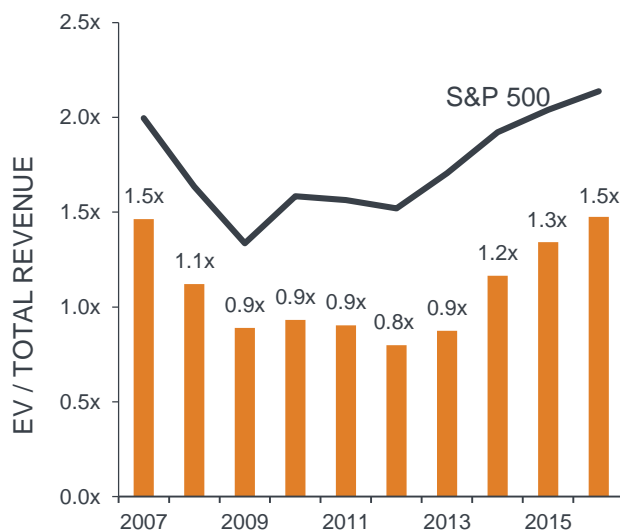
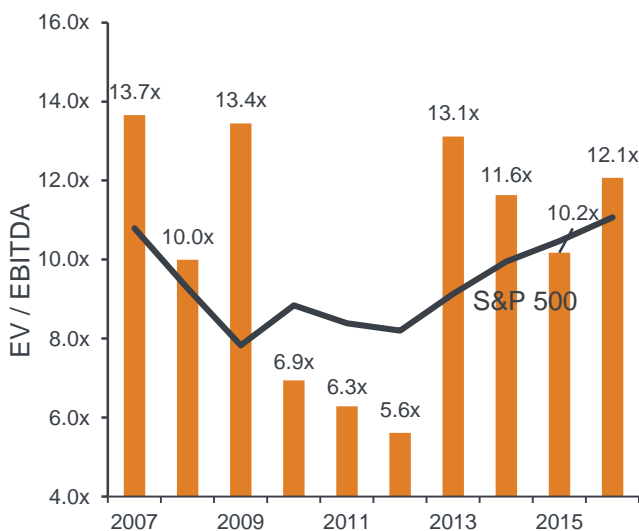
# Aerospace, Defense & Security

## Public Trading Metrics – Government Defense Technology

Industry	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean	13,586	11,739	604	7,999	1,132	12.9%	2,257	2.8x	1.7x	13.2x
Median	8,700	6,413	296	4,955	572	13.0%	1,556	2.6x	1.6x	11.8x

Company	Ticker	Size (Millions USD)					EBITDA Margin	Leverage		Valuation	
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA		LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
CAI International	NYSE:CACI	4,396	3,030	50	3,995	343	8.6%	1,361	4.0x	1.1x	12.8x
Harris Corporation	NYSE:HRS	16,938	12,735	284	7,410	1,678	22.6%	4,087	2.4x	2.3x	10.1x
L3 Technologies	NYSE:LLL	14,732	11,729	411	10,393	1,226	11.8%	2,793	2.3x	1.4x	12.0x
Leidos Holdings, Inc.	NYSE:LDOS	10,731	7,690	449	5,803	521	9.0%	3,434	6.6x	1.8x	20.6x
ManTech International Corporation	Nasdaqqs:MANT	1,557	1,628	71	1,610	124	7.7%	NA	NA	1.0x	12.5x
Mercury Systems, Inc.	NasdaqGS:MRCY	1,352	1,239	46	337	57	17.0%	181	3.1x	4.0x	23.6x
Orbital ATK	NYSE:OA	6,670	5,137	74	4,628	623	13.5%	1,556	2.5x	1.4x	10.7x
Rockwell Collins, Inc.	NYSE:COL	13,897	12,109	308	5,283	1,229	23.3%	1,356	1.1x	2.6x	11.3x
Esterline Technologies Corporation	NYSE:ESL	3,267	2,644	259	1,993	278	14.0%	854	3.1x	1.6x	11.7x
General Dynamics	NYSE:GD	54,161	52,578	2,334	31,353	4,763	15.2%	2,988	0.6x	1.7x	11.4x
Unisys Corporation	NYSE:UIS	745	749	371	2,821	87	3.1%	194	2.2x	0.3x	8.6x
Computer Sciences Corporation	NYSE:CSC	10,900	8,367	1,054	7,358	922	12.5%	2,444	2.7x	1.5x	11.8x
Science Applications International	NYSE: SAIC	4,577	3,721	203	4,495	345	7.7%	1,038	3.0x	1.0x	13.3x
Northrop Grumman Corporation	NYSE: NOC	46,282	40,995	2,541	24,508	3,649	14.9%	7,058	1.9x	1.9x	12.7x



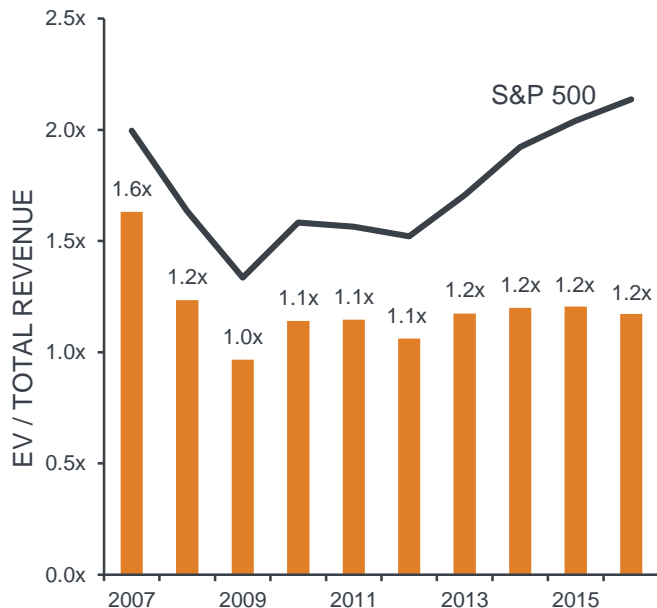
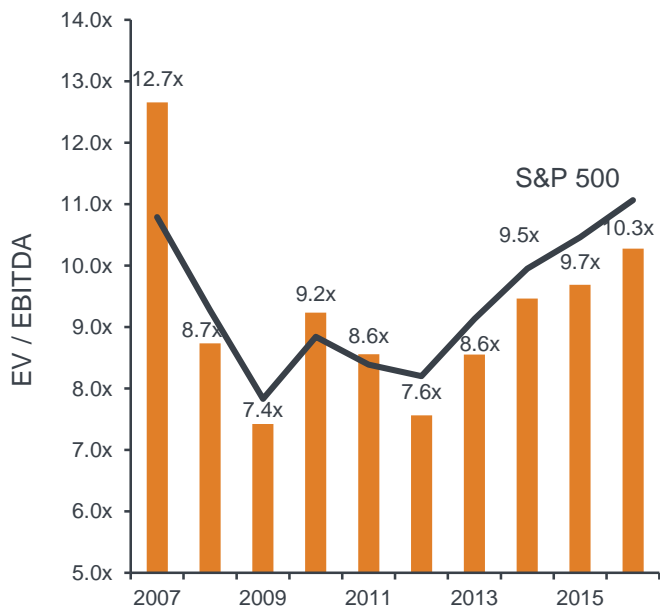
Sector Summary in Millions USD (converted where necessary)  
 Charts show average daily multiples for each year  
 Data sourced from S&P Capital IQ on Friday, December 30, 2016

# Aerospace, Defense & Security

## Public Trading Metrics – Maintenance, Repair, Operation

Industry	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean	26,540	23,201	1,595	15,533	2,445	11.4%	4,066	1.8x	1.3x	11.6x
Median	4,483	3,754	262	2,001	388	11.5%	929	1.6x	1.2x	10.6x

Company	Ticker	Size (Millions USD)					EBITDA Margin	Leverage		Valuation	
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA		LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Textron Inc.	NYSE:TXT	16,354	13,121	1,137	13,788	1,586	11.5%	2,414	1.5x	1.2x	10.3x
United Tech Corp.	NYSE:UTX	107,712	90,262	7,157	57,244	10,134	17.7%	21,697	2.1x	1.9x	10.6x
AAR Corp.	NYSE:AIR	1,243	1,135	23	1,673	121	7.3%	154	1.3x	0.7x	10.2x
General Dynamics Corp.	NYSE:GD	54,161	52,578	2,334	31,353	4,763	15.2%	2,988	0.6x	1.7x	11.4x
CAE Inc.	TSX:CAE	4,483	3,754	262	2,001	388	19.4%	929	2.4x	2.2x	11.5x
Cubic Corporation	NYSE:CUB	1,530	1,299	197	1,462	72	4.9%	201	2.8x	1.0x	21.2x
Vectrus, Inc.	NYSE:VEC	296	257	53	1,214	48	3.9%	78	1.6x	0.2x	6.2x



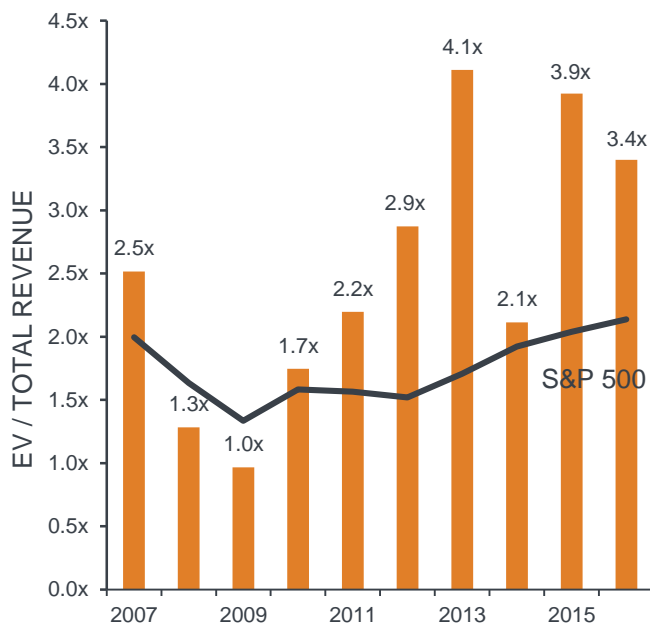
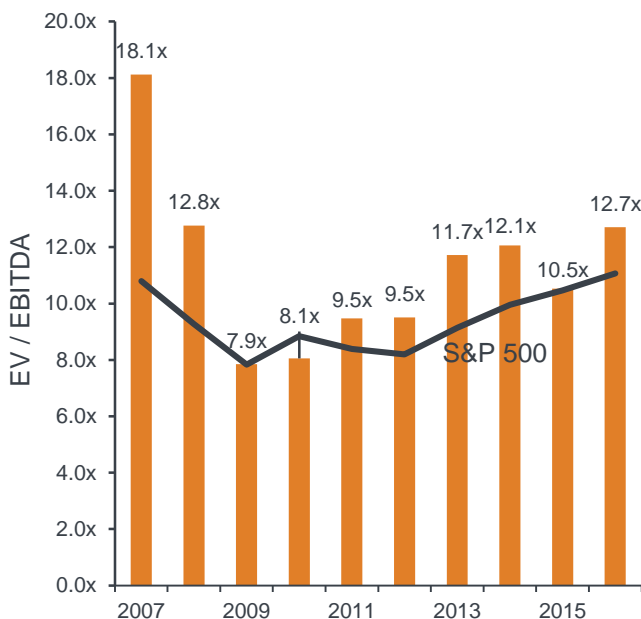
Sector Summary in Millions USD (converted where necessary)  
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 Data sourced from S&P Capital IQ on Friday, December 30, 2016

# Aerospace, Defense & Security

## Public Trading Metrics – Security

Industry	Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA	EBITDA Margin	LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mean	1,849	1,600	69	1,003	172	5.3%	310	1.3x	3.6x	10.9x
Median	1,308	1,267	51	872	161	14.4%	194	1.5x	1.5x	11.8x

Company	Ticker	Size (Millions USD)					EBITDA Margin	Leverage		Valuation	
		Enterprise Value	Market Cap	Cash	LTM Revenue	LTM EBITDA		LT Debt	LT Debt / EBITDA	EV / LTM Revenue	EV / LTM EBITDA
American Outdoor Brand	NasdaqGS:AOBC	1,308	1,187	74	872	259	29.7%	188	0.7x	1.5x	5.0x
Sturm, Ruger & Company, Inc.	NYSE:RGR	898	1,000	101	655	161	24.5%	NA	NA	1.4x	5.6x
Vista Outdoor Inc.	NYSE:VSTO	3,243	2,170	48	2,519	362	14.4%	929	2.6x	1.3x	9.0x
TASER International	Nasdaqgs:TASR	1,174	1,267	51	242	35	14.4%	3	0.1x	4.8x	33.7x
MSA Safety Incorporated	NYSE:MSA	2,978	2,606	106	1,167	205	17.6%	465	2.3x	2.6x	14.5x
Cubic Corporation	NYSE:CUB	1,530	1,299	197	1,462	72	4.9%	201	2.8x	1.0x	21.2x
Nanotech Security Corp.	TSXV:NTS	63	61	3	4	(3)	-87.0%	3	-0.8x	16.1x	-18.6x
Arotech Corporation	NasdaqGM:ARTX	99	91	10	99	6	6.3%	9	1.5x	1.0x	15.9x
Hexcel Corporation	NYSE:HXL	5,349	4,720	35	2,004	453	22.6%	684	1.5x	2.7x	11.8x

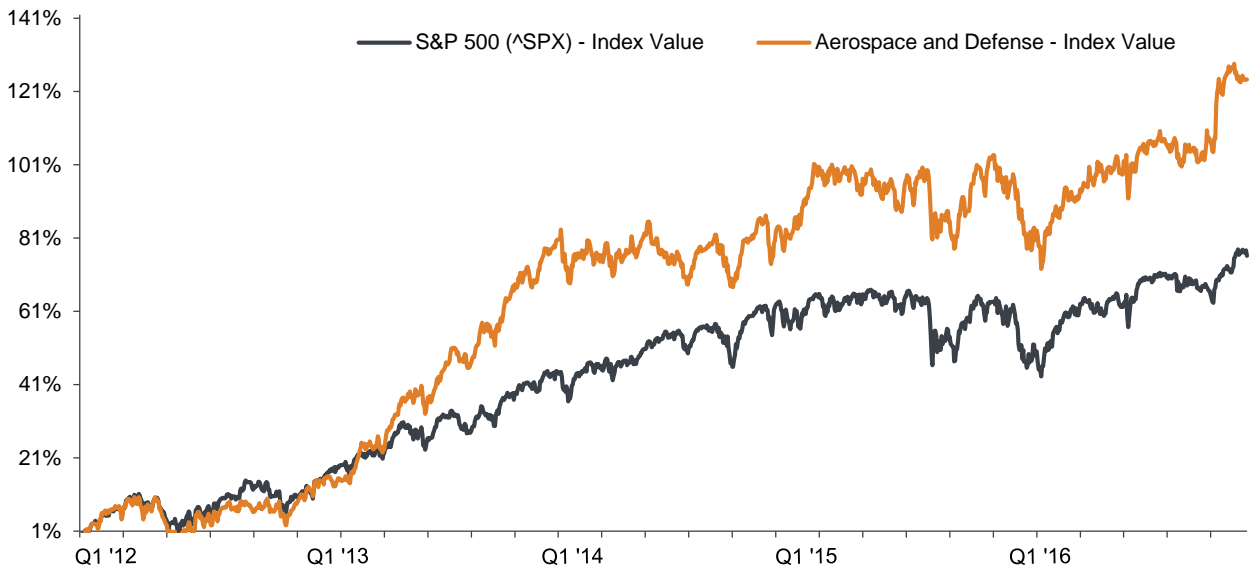


Sector Summary in Millions USD (converted where necessary)  
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# Aerospace, Defense & Security Trends

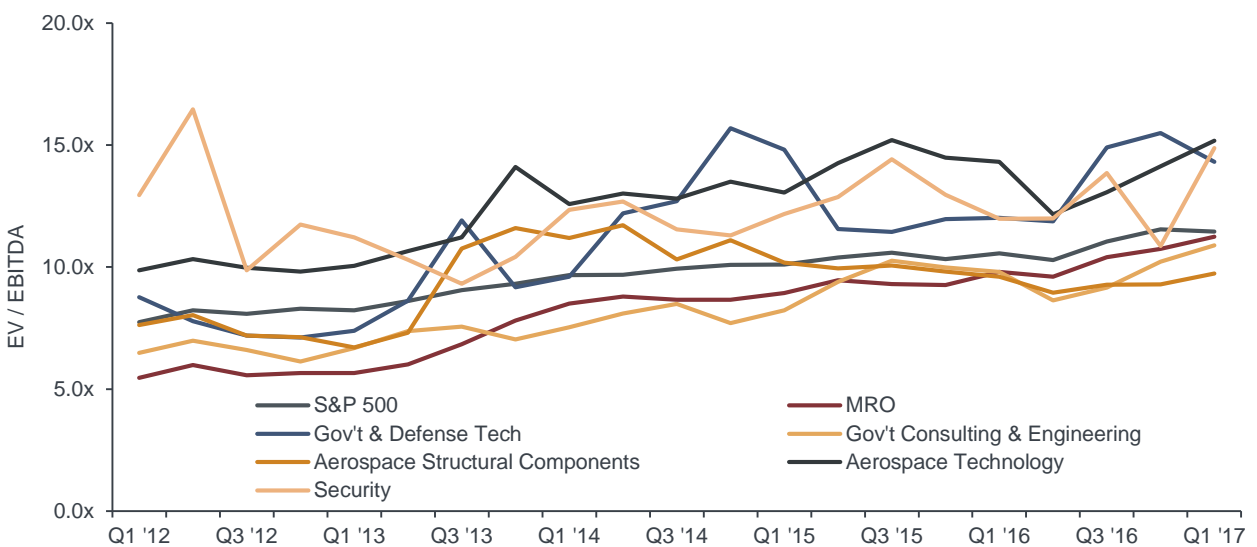
## Economic Index Trends

The Aerospace and Defense Industry has outperformed the S&P 500 index over the last 5 years



Data sourced from S&P Capital IQ on Friday, December 30, 2016

## Last 5 Year EV / LTM EBITDA Trend by Industry



Data sourced through S&P Capital IQ on Friday, December 30, 2016

# Reference

## Contact & Glossary of Terms

### Bob Kinder, Managing Director

[bkinder@g2cap.com](mailto:bkinder@g2cap.com)

617.918.7940

### Jeffrey Unger, CEO

[junger@g2cap.com](mailto:junger@g2cap.com)

617.918.7929

### Alex Koblansky, Vice President

[akoblansky@g2cap.com](mailto:akoblansky@g2cap.com)

617.918.7971

Term	Definition
Revenue	Total revenue from the sale of goods and services rendered during the reporting period, in normal course of business, reduced by sales returns and allowances, and sales discounts. For banks, this item is defined as net interest income after loan loss provisions
EBITDA	Earnings before interest, taxes, depreciation, and amortization. Calculated as Revenue – Expenses, excluding interest, taxes, depreciation and amortization
Market Cap	Market value of a company using most recently reported basic weighted average shares outstanding. Calculated as Market Price (as of period end) * Basic Weighted Average Shares Outstanding
Long-Term Debt	Sum of the carrying values as of the balance sheet date of long-term debt with a maturity beyond one year or the normal operating cycle, if longer
Net Debt	Net Debt shows the company's overall debt situation by netting the value of debts with cash and other similar liquid assets. Calculated as Total Debt – Cash & Cash Equivalents and Short Term Investments
Enterprise Value	Enterprise Value represents the combined economic value of a company as of the most recent fiscal year end. Calculated as Diluted Market Capitalization + Total Debt + Minority Interest + Preferred Stock – Cash and Short Term investments
P/E	A valuation ratio of a company stock price compared to its per share earnings. Calculated as Market Price / Earnings per Share for the last annual period
Tangible Book Value	Total Shareholder's Equity – Goodwill and Intangible Assets

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