

M&A in the Aerospace & Defense Industry – Key Trends

Year	Total no. of transactions	Total value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
2013	122	10,600	1.6x	13.7x
2014	135	42,700	1.3x	12.0x
2015	143	39,400	1.5x	12.7x
2016	121	47,500	1.4x	12.9x

Source: Capital IQ

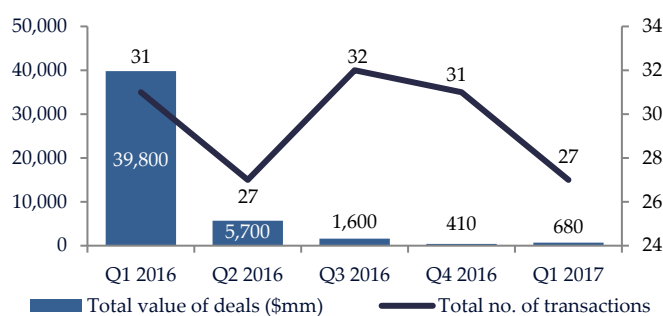
M&A in the Aerospace & Defense Industry – 2016 Overview

- In 2016, M&A activity in the Aerospace & Defense industry shifted towards lower number of transactions with deal value increasing 21% from 2015.
- In 2016, the total deal value in the US and Canada accounted for 69% of the global deal value.
- The total number of global M&A transactions in the Aerospace & Defense industry was 430 in 2014, 430 in 2015, and 390 in 2016. Deals in the US and Canada accounted for 31% of the global transactions from 2014 to 2016.
- In 2016, valuation multiples for the US and Canada (median TEV/Revenue of 1.4x versus global median of 1.7x and median TEV/EBITDA of 12.9x versus 12.5x) were similar to global multiples.
- Total deal value in Q1 2016 was significantly higher than that of the other three quarters due to the Berkshire Hathaway \$38 billion acquisition of Precision Castparts.
- 31% disclosed deals in terms of transaction value.

Activity Summary, Last 5 Quarters

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Total no. of transactions	31	27	32	31	27
Total value of deals (\$mm)	39,800	5,700	1,600	410	680
Average deal size (\$mm)	3,300	480	220	70	75
Median deal size (\$mm)	230	130	260	10	30
Median Revenue Multiple	1.2x	2.1x	1.8x	0.9x	1.2x
Median EBITDA Multiple	13.9x	15.2x	6.8x	12.9x	5.9x
Mid-market deals, % of total	92%	92%	86%	100%	100%

Source: Capital IQ

Activity Summary Chart, Last 5 Quarters

Deal Breakdown by Type of Buyer in 2016

Type of Buyer	No. of deals	Disclosed deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
Strategic Buyer	98	34	47,000	1,380	1.4x	12.2x
Financial Buyer	18	3	530	180	1.4x	14.0x
Both	1	0	n/a	n/a	n/a	n/a
Not available	4	0	n/a	n/a	n/a	n/a

Source: Capital IQ

Middle Market Deals in 2016

Deal breakdown by size (\$mm)	No. of deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
\$0 - \$50	17	230	14	0.6x	12.9x
\$50 - \$250	6	1,020	170	2.0x	2.0x
\$250 - \$500	10	3,270	227	1.5x	13.7x

Source: Capital IQ

10 Notable Aerospace & Defense Transactions in 2016

Closed date	Target/Issuer	Buyers/Investors	Transaction value (\$mm)	Implied EV/Revenue	Implied EV/EBITDA
January 29	Precision Castparts Corp.	Berkshire Hathaway Inc. (NYSE:BRK.A)	37,900	36,900	13.9x
April 4	Atmel Corporation	Microchip Technology Incorporated (NasdaqGS:MCHP)	3,500	3,300	20.5x

January 23	ILC Industries, LLC	TransDigm Inc.	1,000	1,000	n/a
July 1	KBRwyle	KBR Holdings, LLC	600	600	n/a
February 23	TeleCommunication Systems Inc.	Comtech Telecommunications Corp. (NasdaqGS:CMTL)	480	430	12.2x
December 1	Camber Corporation	Huntington Ingalls Industries, Inc. (NYSE:HII)	380	380	8.6x
February 4	COM DEV International Ltd.	Honeywell International Inc. (NYSE:HON)	350	340	19.0x
June 30	Kaydon Corporation	Stabilus S.A. (DB:STM)	340	340	n/a
January 4	Convergence Fuel Systems, LLC	GE Aviation	320	570	n/a
April 22	API Technologies Corp.	J.F. Lehman & Company, Inc.	310	310	15.2x

Source: Capital IQ