

# SPACE INNOVATION, GROWTH OPPORTUNITY ELEVATES MERGER AND ACQUISITION DEMAND

AIR, LAND, SEA, & SPACE SYSTEMS SECTOR UPDATE | JANUARY 2022



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# Air, Land, Sea, & Space Systems Sector

## Space Innovation, Growth Opportunity Drives M&A

### KEY SECTOR TAKEAWAYS

Capstone Partners' Aerospace, Defense, Government, & Security Group is pleased to share its inaugural Air, Land, Sea, & Space (ALSS) Systems report, with analysis on merger and acquisition (M&A) activity as well as commentary and insights driven by our ongoing conversations with active buyers and current clients.

1. Multi-domain interoperability, fleet modernization, and military preparedness against Russia and China are driving overall Aerospace, Defense, Government, & Security (ADGS) M&A activity.
2. President Joe Biden signed on December 27, 2021, the \$768 billion defense policy bill, which exceeded his original budget submission and demonstrates Congressional commitment to increase spending.
3. The focus on space for military, commercial, and civilian activity has catalyzed space start-ups and financing in the private sector, which will feed M&A opportunities as the nascent segment consolidates and defense primes and emerging players acquire new technology and personnel.
4. Transaction volume, value, and multiples in the overall middle market have hit historic highs in 2021. As we look to 2022, deal volume is expected to remain robust as transactions that did not close in 2021 spill into the new year and new sellers go to market to capitalize on the dynamic environment.
5. Deal activity in the ALSS Systems sector outpaced prior year levels with 89 transactions announced or closed in 2021. Strategic buyers drove nearly 70% of M&A as businesses with strong corporate cash holdings diversified and augmented their portfolios.
6. With the rise in competition in the space security sector exemplified by the recent Russian anti-satellite (ASAT) test and increase commercial space tourism, we expect continued M&A activity

Capstone Partners has developed a full suite of corporate finance solutions, including M&A advisory, debt advisory, financial advisory, and equity capital financing to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction.

To learn more about Capstone's wide range of advisory services and Air, Land, Sea, & Space Systems sector expertise, please contact Capstone Managing Director [Tess Oxenstierna](#).

## DEFENSE BILL BOOSTS SPEND FOR MILITARY SYSTEMS

On December 15<sup>th</sup>, the Senate passed the National Defense Authorization Act (NDAA) for fiscal year 2022 in an 88-11 vote, sending the bipartisan legislation to the desk of President Joe Biden for his final signature. On December 27<sup>th</sup>, President Biden signed the \$768 billion defense policy bill, which exceeded his 2022 budget request by \$25 billion, for the Department of Defense (DOD).<sup>1</sup> Democrats and Republicans supported the bill's expansion in order to have the resources needed to combat the growing threat of China and Russia as well as to increase the spend on aircraft and ships.<sup>2</sup> In addition to increasing the number of specific military systems (see table) the NDAA package included recommendations to increase spend beyond the initial budget request, including funding for CH-53K heavy lift helicopters; MQ-1 Gray Eagle unmanned aircraft; Paladin self-propelled howitzers and M1 Abrams tank upgrades; Stryker infantry carrier vehicles; M2 Bradley infantry fighting vehicles; E-8 JSTARS modernization; and EC-37B Compass Call aircraft engines. The bipartisan commitment to fleet modernization and military preparedness will continue to create opportunities for private companies in the ALSS Systems sector to offer unique technology and systems and to win contracts as mini primes.

In a 2021 example of pioneering defense technology, Shield AI Inc. acquired Martin UAV, LLC, an aerospace company renowned for its sector leading vertical takeoff and landing (VTOL)

### Additions to Air, Land, Sea, & Space Systems in the Bicameral Defense Bill

System	Number Added
F/A-18 Super Hornets	12
Air Force F-15EX Jets	5
Warships	5
CH-47F Block II Chinook Helicopters	5
UH-60 Black Hawk Helicopters	9
MQ-9 Reaper unmanned aircraft	4

Source: U.S. Department of Defense

unmanned aircraft, V-BAT (July, deal terms were not undisclosed). Shield AI will seek to integrate Hivemind®, its leading artificial intelligence (AI) software, into Martin's VTOLs to create a cutting-edge autonomous, intelligent aircraft capable of performing military missions in high-threat environments. The deal marks the first notable AI company to acquire an unmanned aircraft vehicle (UAV) business and showcases the private market's focus to meet the needs of the DOD as the Pentagon implements its 2021 Joint All-Domain Command and Control (JADC2) strategy.



### Tess Oxenstierna, Managing Director

*"The focus on space for military, commercial, and civilian activity has catalyzed space start-ups and financing in the private sector, which will feed M&A opportunities as the nascent segment consolidates and defense primes and emerging players acquire new technology and personnel."*

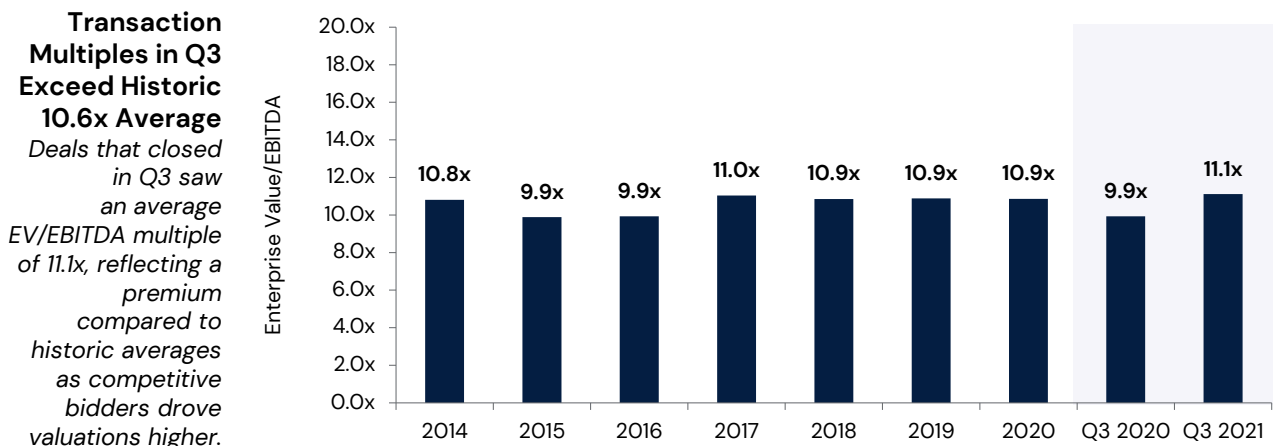
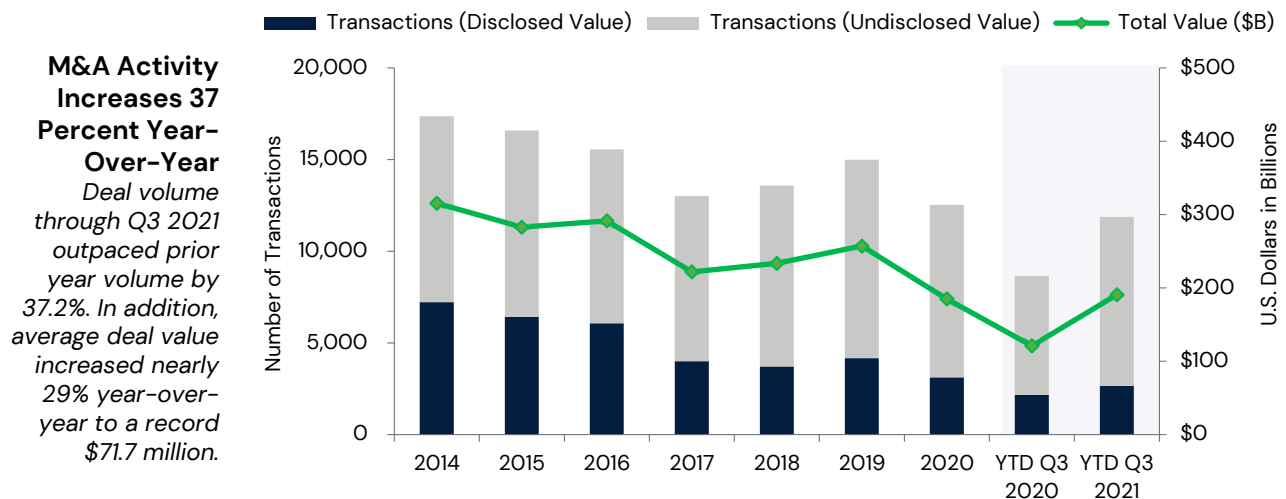
*Deal activity in the Air, Land, Sea, and Space Systems sector outpaced prior year levels with 89 transactions announced or closed in 2021. Strategic buyers drove nearly 70% of M&A as businesses with strong corporate cash holdings diversified and augmented their portfolios."*



## MIDDLE MARKET M&A ACTIVITY POISED FOR HISTORIC YEAR

Transaction volume, value, and multiples across the middle market hit historic highs as two years of deals that were delayed due the pandemic were rolled into 2021. Additionally, the perceived tax increases in 2022 have incentivized business owners to expedite their exit timelines in order to maximize the take-home proceeds of a liquidity event. These factors have contributed to a historic Q3, where deal activity reached its highest quarterly level since Q2 2015 with 4,215 deals closed for a total disclosed value of \$82 billion. Notably, [Capstone's Middle Market Business Owner Survey](#) found that business owners in the ADGS industry were the most likely of all industries surveyed seeking to complete a merger or acquisition in Q3, with 38% of ADGS respondents citing it as a top growth strategy. Capstone has witnessed the year's deal momentum carrying into Q4, and the firm will close the year with a record number of [advised transaction closings](#).

As we look to 2022, deal volume is expected to remain robust as transactions that did not close in 2021 spill into the new year and new sellers go to market to capitalize on the dynamic environment. Abundant levels of private equity dry powder, cheap debt, and strong corporate cash holdings are helping to drive competitive deal processes for attractive businesses.



Includes multiples 3x-30x  
Enterprise Value < \$500mm  
Source: Capital IQ



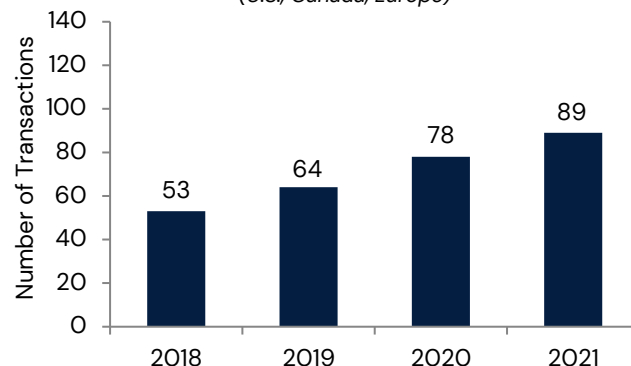
## SECTOR DEAL VOLUME BOOSTED BY SPACE ACQUISITIONS

Transaction volume in the ALSS Systems sector has seen steady growth over the past three years—largely fueled by a rapid increase in Space transactions. Of the 89 deals, announced or closed through December 31<sup>st</sup>, nearly half (39 transactions) were in the Space segment, displacing Air for the first time as the most active subsector. A key catalyst for the increase in Space deals has been the founding of the U.S. Space Force (USSF) in December 2019, which became the sixth branch of the Armed Forces following the creation of the U.S. Air Force in 1947.

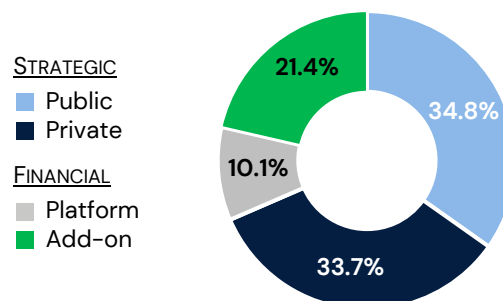
Companies across the ADGS industry have historically earned premium transaction valuations in the middle market, with a three-year average multiple of 11.9x EV/EBITDA compared to an average of 10.7x across the entire middle market during the same period. Within the ALSS Systems sector, EV/Revenue transaction multiples have eclipsed the broader ADGS industry at 3.1x compared to 1.9x—while EV/EBITDA multiples have kept pace.

Public companies were the most active buyers driving 34.8% of 2021 deals while private buyers closely followed at 33.7% of total buyer activity. Private equity firms drove the remaining 31.5% of deals as they sought to put money to work and scale up platforms. Buyers are expected to continue to be highly acquisitive in the ALSS sector due to its recession-resilience which is supported by the security of government contracts and steady federal budget funding.

**Transaction Volume Strong in Air, Land, Sea, & Space Sector Despite Pandemic**  
(U.S., Canada, Europe)



**Strategic Buyers Complete Nearly Seventy Percent of 2021 Activity**



Source: Capital IQ, PitchBook, FactSet, and Capstone Research

### Valuation Analysis

Valuation Method	Average Enterprise Value/Revenue Multiple	Average Enterprise Value/EBITDA Multiple
Air, Land, Sea, & Space M&A Purchase Multiples (U.S., Canada, Europe, 2018-January 2022)	3.1x	11.6x
Public Company Land, Air, Sea, Space Trading Multiples (Last-Twelve-Months)	2.4x	13.7x
Aerospace, Defense, Government, & Security Middle Market M&A Purchase Multiples (U.S. Canada, 2018-January 2022)	1.9x	11.9x

Source: Capital IQ, FactSet, PitchBook, and Capstone Research as of January 5, 2022

## MILITARIZATION OF SPACE CATALYST FOR SUSTAINED ACTIVITY

### \$447B REVENUE FROM THE GLOBAL SPACE ECONOMY IN 2020

The space exploration timeline has rapidly progressed from the first man on the moon in 1969 to the first civilian space flight in 2021. Today, more than 80 countries are active participants in the space ecosystem and 2020 government spend on space activity rose across the U.S., China, Spain, France, and Germany, according to the Space Foundation's State of Space 2021.<sup>3</sup> The growing utilization of space for military, commercial, and civilian activity has catalyzed space start-ups and financing in the private sector and spotlighted the need for cooperation and behavioral standards in the public sector. The overall space economy grew 4.4% in 2020 to \$447 billion, with Commercial Space Products & Services accounting for almost half of revenue, followed by Commercial Infrastructure & Support Industries (\$137 billion), U.S. Government Space Budgets (\$51.8 billion), and Foreign Government Space Budgets (State of Space report).

The militarization of space is specifically impacting the ALSS Systems sector as national security becomes an increasing concern. This threat was demonstrated in November when Russia's anti-satellite weapon (ASAT) demolished one of its defunct satellites and sent thousands of pieces of debris into orbit—destroying a U.S. satellite and forcing astronauts on the International Space Station to take shelter. In response, the Pentagon called for a halt to all ASAT testing in December. "Such a display of deliberate disregard for safety, security and sustainability in space is one to be condemned and underscores the urgency of acting in defense of developing shared norms and having long-term sustainability of outer space," U.S. DOD Deputy Secretary Kathleen Hicks stated at the National Space Council.<sup>4</sup> The White House also published its inaugural "United States Space Priorities Framework," in December which highlighted the benefits of space activities as a source of innovation and strength and provided space policy priorities.<sup>5</sup> The U.S. will continue to focus on being a world leader in space, not only through security standards, but also in technology innovation. This opportunity has been apparent in M&A, with companies citing opportunity to become a leading player in the global Space market as a key buyer rationale.



**We are in a historic moment: space activities are rapidly accelerating, resulting in new opportunities in multiple sectors of society, as well as new challenges to U.S. space leadership, global space governance, the sustainability of the space environment, and safe and secure space operations.**



– United States Space Priorities Framework  
The White House, December 2021<sup>3</sup>

Through December 2021, 39 space deals were announced or closed in the ALSS Systems sector. As noted on the previous page, the founding of the U.S. Space Force (USSF) in December 2019 was undoubtedly a strong stimulant for the sudden jump in deal activity. Notably, America was the primary provider of space target companies, with 29 of the 38 acquired companies based in the U.S.

Frequent buyers included Redwire Corporation (NYSE:RDW), see following page, and Voyager Space Holdings. Newly minted in 2019, Voyager has already made four acquisitions as it seeks to become a vertically integrated space exploration company. This included two deals in 2021: Space Micro Inc. in November (manufactures rocket propulsion/steering control systems for the U.S. military) and Valley Tech Systems, Inc. in October (digital computer products including for space companies). Deal terms were not disclosed. In fall 2021, Voyager, together with Lockheed Martin (NYSE:LMT) and Nanoracks, was awarded a \$160 million contract from the National Aeronautics and Space Administration (NASA) to design the agency's first commercial space station: Starlab. The initiative supports NASA's Commercial Low-Earth Orbit (LEO) program and will help stimulate the commercial space economy. "Voyager Space is highly confident in the Starlab business model and its ability to be commercially sustainable and well capitalized," Dylan Taylor, Voyager Chairman & CEO, said in a press release.<sup>6</sup> "Voyager Space sees numerous synergies leveraging the capabilities across our organization's operating businesses, as well as within the Lockheed Martin ecosystem. We see this partnership as just the beginning of our work together."



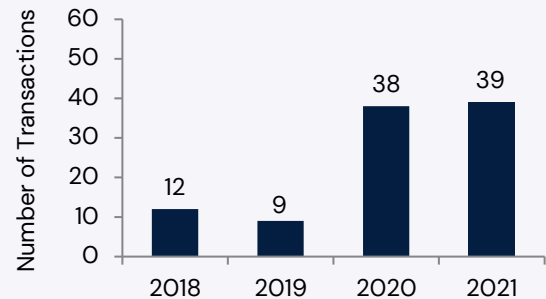
## ACQUISITION TRENDS & NOTABLE SPACE TRANSACTIONS

Acquisition trends have revealed several drivers in Space M&A that are likely to continue into 2022:

- Defense contractors have actively sought to acquire companies within the Space segment to ensure they can be competitive as new opportunities arise to win government contracts.
- At least eight space startup companies have gone public this year through special purpose acquisition companies (SPACs). This could spur consolidation as organizations seek to expand technology and personnel through M&A.
- Private equity firms are making investments in the nascent segment, as shown by AE Industrials platform company Redwire (highlighted in Capstone's [2020 C4ISR Report](#)).

### Innovation and Military Needs Spur Space M&A

(U.S., Canada, Europe)



Source: Capital IQ, PitchBook, FactSet, and Capstone Research



NextGen

In a take public SPAC deal, Virgin Orbit, a four-year old company that launches commercial and government-built satellites into orbit, agreed to acquire blank check company NextGen Acquisition Corp II (NASDAQ:NGCA) in a \$383 million dollar August transaction. The combined entity was valued at \$3.7 billion post closing and began trading on the NASDAQ Stock Exchange as of August 23 under the ticker symbol "VORB." Strategic and institutional investors Boeing (NYSE:BA) and AE Industrial Partners subsequently announced \$100 million of development capital via private placement.



Since going public via a SPAC vehicle in March, Rocket Lab USA, Inc. (Nasdaq:RKLB) completed two acquisitions. In December, Rocket Lab acquired Planetary Systems Corporation for \$80.5 million, including \$42 million in cash, \$1.7 million in common stock shares, and an earnout bonus of common stock shares. Based in Maryland, Planetary Systems manufactures equipment to allow satellites to deploy from launch vehicles. In October, Rocket Lab acquired space software provider Advanced Solutions, for \$45.5 million. Rocket Lab will likely continue to leverage strategic investments to scale in 2022.

BAE SYSTEMS



BAE Systems plc (LSE:BA.) has acquired U.K.-based In-Space Missions Limited for an undisclosed sum in September. Founded in 2015, In-Space offers Space as a Service through its Faraday platform, which allows customers to develop, test, integrate and operate on a hosted payload for up to five years in space. The acquisition will allow BAE to integrate its current space technology, including waveforms, antennas and digital signal processing with In-Space's full lifecycle satellite capabilities.



In its seventh acquisition since going public via SPAC in 2020, Redwire Corporation (NYSE:RDW) acquired space biotechnology company Techshot, Inc. in November. Terms of the deal were not disclosed. Redwire's size and resources will support Techshot's accelerated growth. At the same time, Techshot's space bioprinting and solutions in microgravity, that offer life-saving benefits, will help enhance Redwire's position as a leading manufacturer in LEO.

## CAPSTONE CASE STUDY

Capstone advised **Cosmic Advanced Engineered Solutions** ("Cosmic AES" or "Cosmic"), in its sale to Kratos Defense & Security Solutions, Inc. ("Kratos") (Nasdaq: KTOS). The transaction closed in December 2021 and terms of the deal are confidential.

Cosmic engineers and designed classified and unclassified communications solutions in the Space domain, Electronic Warfare, Intelligence Signals Processing, Missile Defense and Cyber sectors. Founded in 2001, CEO Carol Zanmiller and President John Hutchens, both former Lockheed satellite engineers, focused the business growth on radio frequency, terrestrial and space-based communication solutions, to include digital signals processing and geolocation analysis. In addition, Cosmic provides overhead persistent infra-red for missile defense systems and embedded cyber solutions to U.S. government agencies.

Cosmic will merge into Kratos' Space, Training and Cyber Division, where it will continue to support the U.S. Space Force, U.S. Space Command, U.S. Special Operations, U.S. Air Force, and Intelligence Agencies. It will also accelerate the expansion of its footprint overseas, at forward deployed operating bases and with combatant command units.

Managing Director Tess Oxenstierna underscored that the key to positioning Cosmic's value was for the market to fully recognize its current revenue streams and multi-decade government customer relationships, but also to maximize the valuation of the robust contract waterfall forecast and highly-skilled engineers. She noted: "Cosmic is a unique asset in the high growth space domain sector."



*"The Capstone team has deep military and intelligence space domain expertise used to position Cosmic in the market, with deal finesse and commanding sector knowledge. As a middle market company, Capstone provided M&A expertise to put us on a par with buyers well versed in the process."*

*The team negotiated a deal that exceeded our expectations and did so with exceptional leadership and technical advice. Our collective thanks and respect for their professionalism."*

**Carol Zanmiller**  
CEO, Cosmic AES



### Cosmic AES' Core Competencies



#### Space Electronic Warfare

Development, deployment, operation, testing, and sustainment of EW systems.



#### Missile Defense, Space Domain Awareness

Data fusion and visualization technology for space-based applications and missile defense radar sustainment.



#### Digital Signals Processing

Development and processing of custom waveforms for integration. Geolocates signals of interest.



#### Cyber Mission Solutions

Cyber surveillance and reconnaissance and enabling offensive and defensive cyber operations.



## SELECT 2021 TRANSACTIONS: SPACE

Date	Target	Acquirer	Target Business Description	Target Headquarters	Enterprise Value (mm)	Revenue	EV / LTM EBITDA
12/21	Cosmic AES	Kratos Defense Security Solutions	Designs communications solutions in the Space, Electronic Warfare, Intelligence Signals Processing, Missile Defense, and Cyber sectors.	United States	CF	CF	CF
11/22	Space Micro	Voyager Space Holdings	Develops technology, testing, and analysis services for high-reliability satellite subsystem.	United States	-	-	-
11/15	Planetary Systems	Rocket Lab USA (Nasdaq:RKLK)	Provides mechanical separation systems and satellite dispensers for Space industry.	United States	\$80.5	-	-
11/02	Techshot	Redwire (NYSE:RDW)	Provides hardware for spaceships; manufactures payloads for space shuttle missions; plans space missions/experiments.	United States	-	-	-
10/04	Valley Tech Systems	Voyager Space Holdings	Manufactures rocket propulsion and steering systems for the Aerospace & Defense industry.	United States	-	-	-
09/23	Systima Technologies	Karman Missile & Space Systems	Offers systems for missile, hypersonic, and launch vehicle platforms.	United States	-	-	-
09/14	In-Space Missions	BAE Systems (LSE:BA.)	Develops Faraday-1 spacecraft, which carry payloads for domestic/international customers.	United Kingdom	-	-	-
08/25	Sputnix	JSC Sitronics	Designs, develops, and manufactures nano and microsatellites, satellite components and platforms, and small aerospace vehicles.	Russia	-	-	-
08/23	Virgin Orbit	NextGen Acquisition Corp II (Nasdaq:NGCA)	Provides launch services for commercial and government-built satellites.	United States	~\$3,200.0	~2.1x	~6.4x
08/17	Micro Aerospace Solutions	Phantom Space Corporation	Engages in space communications systems, space propulsion systems, and electrical hardware design for spacecraft and rockets.	United States	-	-	-
07/21	Accion Systems	Tracker Capital Management	Produces Tiled Ionic Liquid Electrospray (TILE) engines for spacecraft.	United States	-	-	-
07/06	DDES Corporation	BlueHalo	Designs and manufactures space-qualified electronic systems and sub-systems.	United States	-	-	-
06/30	Astra (NAS:ASTR)	Holcity	Provides satellite launch and other space services, based on a proprietary, vertically integrated technology platform.	United States	-	-	-
06/10	CMR Prototech	Aker Capital	Offers structural components for satellites and launchers, experimental modules for unmanned and manned space flights.	Norway	-	-	-
06/07	Apollo Fusion	Astra Space (NasdaqGS:ASTR)	Manufactures satellite propulsion systems that can be configured with multiple thrusters and power processing units (PPUs).	United States	\$135.0	-	-
05/26	SkyComm	SITAEL	Builds antenna and satellite equipment to enable Civil and Defense clients to develop telecommunications.	Italy	-	-	-
05/12	Optical Inter-Satellite Link Terminals in MEO	Mynaric (XTRA:MOY); SpaceLink	Comprises an optical inter-satellite link (OISL) terminal for satellites in medium Earth orbit.	United States	-	-	-
03/02	Adcole Maryland Aerospace (nka:Redwire)	AE Industrial Partners	Designs, develops, and manufactures spacecraft architecture and components.	United States	-	-	-
03/01	Rocket Lab USA	Vector Acquisition (Nasdaq:VACQ)	Delivers a range of complete rocket systems and technologies for fast and low-cost payload deployment.	United States	\$4,082.0	5.4x	-
02/23	Deployable Space Systems	Redwire (NYSE:RDW)	Design and develops mission-enabling deployable space systems.	United States	-	-	-
02/01	Tiger Innovations	General Atomics Electromagnetic Systems	Develops satellite systems and support components.	United States	-	-	-

Note: blue shading represents Capstone advised transaction; CF = confidential  
Source: Capital IQ, PitchBook, FactSet, Company Filings, and Capstone Research





## SELECT 2021 TRANSACTIONS: AIR, LAND, SEA

Date	Target	Acquirer	Target Business Description	Target Headquarters	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
12/21	Allegient Defense	NowVertical Group (TSXV:NOW)	Manufactures unmanned air systems and provides engineering and data management services to the Federal and Defense industries.	United States	-	-	-
11/08	Citadel Defense Company	BlueHalo	Develops counter-unmanned aircraft systems (C-UAS) for warfighter, fleet force, and border protection.	United States	-	-	-
10/04	TerraData Unmanned	DarkPulse (PINX:DPLS)	Manufactures unmanned aircraft system (UAS) and remotely operated vehicle (ROV).	United States	-	-	-
09/30	AERO Vodochody AEROSPACE	Hsc Aerojet Zartkoruen Mukodo	Designs and manufactures military and civil aircraft.	Czech Republic	-	-	-
09/27	Industria de Turbo Propulsores	Bain; Sapa; JB; Sociedad	Offers products/services for defense applications, such as military aircraft and helicopters.	Spain	\$1,989.2	2.3x	-
09/14	Jennings Aeronautics	AE Industrial Partners; UAV Factory	Manufactures unmanned aircraft vehicles (UAV).	United States	-	-	-
08/25	ASSETT	Jordan Company; VTG Group	Develops undersea warfare and unmanned systems to introduce intelligent technologies and concepts into new or pre-existing systems.	United States	-	-	-
08/02	Meggitt PLC (LSE:MGGT)	Parker-Hannifin Corporation (NYSE:PH)	Designs and manufactures components and sub-systems for Aerospace, Defense, and Energy markets.	United Kingdom	\$9,911.4	4.9x	-
07/28	Martin UAV	Shield AI	Develops UAS for missions and actionable intelligence for military/defense, commercial and government.	United States	-	-	-
07/12	AirRobot	Nordic Unmanned (OSL: NUMND)	Manufactures mini and micro-UAV systems for search and rescue, military, and law enforcement.	Germany	\$5.9	2.2x	-
07/06	Alion Science and Technology	Huntington Ingalls Industries (NYSE:HII)	Provides engineering, naval architecture, and solutions for Defense, Civilian/Foreign Governments, and Commercial industries.	United States	\$1,780.0	1.9x	24.9x
07/06	Hellenic Vehicle Industry	Plasan Sasa; SK Group	Produces vehicles including military trucks and jeeps, tanks, armored infantry fighting vehicles, and armored personnel carriers.	Greece	-	-	-
05/31	Milrem	Krauss-Maffei Wegmann GmbH	Manufactures unmanned ground vehicles (UGV) and develops robotic warfare solutions.	Estonia	-	-	-
05/11	TransDigm (NYSE:TDG) Defense Business	Undisclosed Buyer	Comprises aircraft components manufacturing business.	Belgium	\$240.0	-	-
05/10	Sting Industries	Iconic Labs (LSE:ICON)	Develops modular drones for the Military and Security markets.	United Kingdom	-	-	-
03/01	L3Harris (NYSE:LHX) Businesses	Renk	Comprises military engines and transmissions manufacturing business.	United States	\$400.0	1.7x	-
03/01	TransDigm Business	OpenGate Capital	Comprises manufacturing business for the Global Defense, Air Traffic Control, and Security end markets	Belgium	\$200.0	1.5x	-
02/19	Arcturus UAV	AeroVironment (Nasdaq:AVAV)	Manufacturers unmanned aerial systems to serve the Defense industry.	United States	\$422.6	5.0x	12.1x
02/02	Associated Aircraft Group	OneSky Network	Manufactures military helicopters; part of Lockheed Martin (NYSE:LMT).	United States	-	-	-
02/01	Cobham Mission Systems	Eaton Corporation (NYSE:ETN)	Develops technology for unmanned explosive ordnance robot applications.	United Kingdom	\$2,830.0	4.0x	~13.0x
01/04	Teledyne FLIR	Teledyne Technologies (NYSE:TDY)	Produces multi-mission unmanned air and unmanned ground systems for the Defense, Government, and Public Safety markets.	United States	\$7,986.8	4.2x	17.1x

Source: Capital IQ, PitchBook, FactSet, Company Filings, and Capstone Research



## PUBLIC COMPANY DATA

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	01/05/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
AeroVironment, Inc.	\$63.38	44.1%	\$1,561.3	\$1,671.4	\$437.8	\$69.3	15.8%	3.8x	24.1x
AST SpaceMobile, Inc.	\$7.23	28.5%	\$374.0	\$282.0	\$8.9	NM	NA	NM	NM
Astra Space, Inc.	\$6.10	27.1%	\$1,575.7	\$1,206.3	NA	NM	NA	NM	NM
BAE Systems plc	\$7.42	90.9%	\$23,445.6	\$28,924.9	\$26,843.5	\$3,777.4	14.1%	1.1x	7.7x
BlackSky Technology Inc.	\$4.25	24.3%	\$481.6	\$364.8	\$29.0	NM	NA	NM	NM
Elbit Systems Ltd.	\$178.41	99.3%	\$7,899.2	\$9,321.9	\$5,162.0	\$623.9	12.1%	1.8x	14.9x
General Dynamics Corporation	\$210.31	98.1%	\$58,620.6	\$70,794.6	\$38,658.0	\$5,668.0	14.7%	1.8x	12.5x
HEICO Corporation	\$145.99	96.3%	\$18,398.3	\$18,888.7	\$1,865.7	\$508.4	27.3%	NM	NM
Hexcel Corporation	\$53.83	82.8%	\$4,516.0	\$5,287.5	\$1,260.2	\$191.7	15.2%	4.2x	27.6x
Huntington Ingalls Industries, Inc.	\$186.99	83.4%	\$7,491.0	\$10,455.0	\$9,604.0	\$1,209.8	12.6%	1.1x	8.6x
Kratos Defense & Security Solutions	\$18.91	55.4%	\$2,344.6	\$2,374.2	\$806.3	\$66.3	8.2%	2.9x	NM
L3Harris Technologies, Inc.	\$209.38	85.1%	\$41,085.7	\$47,927.7	\$18,124.0	\$3,892.0	21.5%	2.6x	12.3x
Leidos Holdings, Inc.	\$91.56	80.5%	\$12,849.5	\$18,098.5	\$13,498.0	\$1,797.5	13.3%	1.3x	10.1x
Leonardo S.p.a.	\$7.30	80.4%	\$4,196.7	\$9,614.1	\$16,167.1	\$1,995.8	12.3%	0.6x	4.8x
Lockheed Martin Corporation	\$358.14	90.2%	\$98,770.2	\$107,717.2	\$66,347.0	\$9,153.0	13.8%	1.6x	11.8x
Momentum Inc.	\$3.85	13.2%	\$310.2	\$158.5	\$0.7	NM	NA	NM	NM
Moog Inc.	\$81.17	88.3%	\$2,627.7	\$3,521.2	\$2,852.0	\$360.9	12.7%	1.2x	9.8x
Northrop Grumman Corporation	\$394.99	96.8%	\$62,620.8	\$72,306.8	\$37,240.0	\$6,160.8	16.5%	1.9x	11.7x
Oshkosh Corporation	\$118.69	86.3%	\$8,167.3	\$7,832.9	\$7,737.3	\$739.2	9.6%	1.0x	10.6x
Raytheon Technologies Corporation	\$89.57	97.0%	\$134,281.2	\$161,255.2	\$63,763.0	\$11,636.5	18.2%	2.5x	13.9x
Redwire Corporation	\$6.22	36.6%	\$371.1	\$494.6	\$103.2	NM	NA	4.8x	NM
Rocket Lab USA, Inc.	\$10.70	50.1%	\$4,806.5	\$4,139.2	\$50.5	NM	NA	NM	NM
Spire Global, Inc.	\$3.15	16.2%	\$438.0	\$237.5	\$35.7	NM	NA	6.7x	NM
The Boeing Company	\$213.07	76.5%	\$125,221.1	\$167,819.1	\$62,797.0	NM	NA	2.7x	NM
TransDigm Group Incorporated	\$647.84	94.2%	\$35,792.4	\$51,388.4	\$4,798.0	\$2,058.0	42.9%	NM	25.0x
Virgin Galactic Holdings, Inc.	\$12.05	19.2%	\$3,109.0	\$2,146.4	\$3.2	NM	NA	NM	NM
EV = enterprise value; LTM = last twelve months \$ in millions, except per share data NM = Not Meaningful Bold indicates trading above 90% of 52wk high					<b>Mean</b> 16.5% 2.4x 13.7x <b>Median</b> 14.1% 1.9x 11.8x <b>Harmonic Mean</b> 14.3% 1.7x 12.5x				

Source: Capital IQ as of January 5, 2022

## BUYER UNIVERSE

Capstone has built relationships with and tracked buyers that have been highly acquisitive in the Aerospace, Defense, Government, & Security industry and the ALSS Systems sector. Our expertise and network provides us with unique insights into this buyer universe and industry and growth drivers for the companies within it. If you would like to learn more about relevant buyers in your sector, contact Managing Director [Tess Oxenstierna](#).

### Leading Strategic Buyers



### Leading Financial Buyers



Source: Capstone Research





## AIR, LAND, SEA, & SPACE REPORT CONTRIBUTORS



### **Tess Oxenstierna**

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Tess is a Managing Director with over 25+ years of experience in the Aerospace & Defense industry, government policy arena and Financial Services sector. Tess has deep domain knowledge and transaction advisory skills, especially in the high-growth markets of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR), and the Air, Land, Sea, & Space (ALSS) sector.

Prior to Capstone, Tess founded the Aerospace & Defense practice at a middle market boutique investment bank, focusing on private and public corporate clients with diverse products such as command and control software for aerial drones, satellite-based force tracking systems and electronic warfare devices used in Afghanistan and Iraq. She was Global Head of Equities Strategy at Lehman Brothers, responsible for strategy development leveraging competitive intelligence, market analysis and acquisitions across Americas, Europe and Asia. Transactions included investments in stock exchanges, a NYSE specialist market-maker and international broker dealers. Tess was also Director of Corporate Development and Strategy at Raytheon, with deal team transactions valued at over \$3.4 billion in sensor automation/information synthesis, geospatial mission support, network forensics, interoperable communications for homeland security, and commercial aviation/life cycle support. She holds a PhD in War Studies from Kings College London, an MA in Law & Diplomacy from Harvard's Kennedy School of Government, and a BA in International Relations from UCLA. A recognized industry expert, she was honored with deal awards, such as M&A's Most Influential Women 2021, M&A Atlas Awards for Industrials 2019, and M&A Advisor, Corporate / Strategic Deal of the Year 2018. She has also spoken at Thompson Reuters A&D Summit, Int'l AUUSI Conferences, New York Capital Roundtable and on a tv interview on ABC's Government Matters. She serves on the Board of the U.S. Navy League – CT Council.



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Vice President

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Hilary is a Vice President in the Aerospace and Defense group, bringing over 10 years of experience spanning investment banking and equity research. Prior to Capstone Partners, Hilary worked as a Vice President on the Textile Manufacturing team at Lehman Brothers. She has significant public company expertise with a focus on Industrials and Manufacturing M&A and carve-outs. She has also worked on numerous strategic advisory and company valuation assignments. Hilary earned a BBA in International Finance & French from Texas Christian University, M.J. Neeley School of Business. She is a Series 79 Registered Investment Banking Representative.



### **Sarah Doherty**

Director of Research

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Sarah leads the strategic coverage and development of Capstone's middle market insights. She manages the firm's Research Team, which produces 150+ reports, articles, white papers, surveys, and capital markets updates each year. Her team's award-winning M&A commentary and analysis have been featured in more than 50 of the nation's top news outlets including *The Wall Street Journal*, *Bloomberg*, *CNBC*, and *MSN*. Sarah earned a BA from Biola University and was recognized in 2021 with the "Emerging Leader Award" by the M&A Advisor, which acknowledges the success of the world's leading M&A professionals who are under the age of 40.

## FIRM TRACK RECORD

Capstone's Aerospace, Defense, Government & Security Group has represented numerous companies that serve the needs of federal, state and local or foreign governments, as well as the needs of civilian and defense-related agencies. We understand the nuances associated with sole-sourced, multi-year or subcontracted awards, the value of partnerships, GWACs, IDIQs and GSA schedules. We have completed transactions requiring complex CFIUS filings, ITAR registrations and contract negotiations, and those involving classified information. Our advisory work has included multiple industries and involved companies of diverse specialties, many of which sell in both the public- and private-sector markets.

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## ENDNOTES

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## Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 43 countries.

