

COMMERCIAL SECTOR INNOVATION DRIVES MERGER AND ACQUISITION DEMAND

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



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Air, Land, Sea, & Space Systems

Commercial Sector Innovation Drives Merger and Acquisition Demand

KEY SECTOR TAKEAWAYS

Capstone Partners' [Aerospace, Defense, Government & Security \(ADGS\)](#) Group is pleased to share its Air, Land, Sea, & Space (ALSS) Systems report. Driven by private investment into commercial applications for ALSS Systems and continued collaboration between the U.S. Government and sector players, merger and acquisition (M&A) activity has remained healthy through year-to-date 2022. Included in the report is coverage of the 2022 MilSat Symposium—featuring Capstone Managing Director and *Financing Military Space Business* panelist [Tess Oxenstierna](#). Several key report takeaways are outlined below.

1. Continued innovation in the Commercial sector has propelled growth in the Space Systems segment, contributing to healthy operating performance for market participants in 2022.
2. Despite a regression in year-to-date (YTD) M&A activity from the prior year, transaction volume in the sector has mirrored pre-2021 levels.
3. A continuing resolution for fiscal year (FY) 2023 has halted new government spending on Department of Defense (DOD) projects, marking the twelfth time in the last 13 years a continuing resolution has been passed.
4. Sector M&A purchase multiples have continued to outpace the broader ADGS industry despite a slowdown in deal volume year-over-year (YOY).
5. Private investment in the sector has allowed younger companies to climb the value chain and compete for coveted government contracts.
6. Robust revenues among public tier-one contractors have continued to foster consolidation activity.

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GOVERNMENT BUDGET ALLOCATIONS STEER SEGMENT GROWTH

Increased private investment in commercial space exploration, expansion of transportation alternatives, and elevated funding for the Navy has driven growth in the Air, Sea, and Space Systems segments. DOD spending in the short term will be negatively affected by a continuing resolution for FY 2023 passed by U.S. congress, which halts new DOD spending and delays new government ALSS Systems projects until at least December 2022. However, continuing resolutions have been passed in 12 out of the last 13 fiscal years, during which the DOD budget has increased each year.

The Air and Space Systems segments have continued to demonstrate a healthy balance between maximizing government contracts and fostering the growth of products with commercial applications. The sector remains highly defensible and recession resistant due to the revenue visibility provided by government contracts, even as economic headwinds have decelerated M&A activity YTD. Robust demand in the Space Systems segment in 2022 has been attributed to a rise in commercial space activity fueled by billionaire investment into companies such as Blue Origin, Virgin Orbit (Nasdaq:VORB), and SpaceX. Notably, since 2019 the National Aeronautics and Space Administration’s (NASA) budget has emphasized the use of commercial partnerships, according to a budget statement.¹ Near peer competition with Russia and China has also expanded the need for U.S. satellite defense programs and infrastructure. This has led to DOD investment in contracts for interoperable communications and defense technology in low-Earth orbit (LEO) space.

While the Space Systems segment has led industry innovation and fostered government collaboration, the Air Systems segment has seen significant investment and interest in commercial and national defense uses for electric vertical take off and landing (eVTOL) aircrafts. An expanding market for quick transportation alternatives to reduce traffic congestion and noise has fueled favorable growth projections for the eVTOL space, which is expected to reach \$30.5 billion in 2030, growing at a compound annual rate of 18.3%, according to Acumen Research and Consulting.² The DOD has demonstrated its interest in eVTOLs, awarding a \$75 million contract to vertical take off and landing (VTOL) taxi service provider Joby Aviation in August for research into military applications for eVTOL technology, according to a press release.³

Funding allocation requests for the U.S. Navy in FY 2023 have surged to a total of \$230.8 billion, according to the Department of the Navy.⁴ Development on next generation nuclear submarines, including a \$6.3 billion investment into COLUMBIA Class ballistic missile submarine development, is poised to support healthy deal activity and revenue opportunities in the Sea Systems segment through year-end and into 2023. While the broader ALSS Systems sector is well-positioned for robust growth, the U.S. withdrawal from Afghanistan has weighed on demand for ground systems, negatively impacting the Land Systems segment. Commercial viability for fixed Earth satellites has also been outpaced by LEO space satellites, dampening growth forecasts for the Land Systems segment.

eVTOL Market Expected to Exceed \$30 Billion by 2030



Source: Acumen Research and Consulting

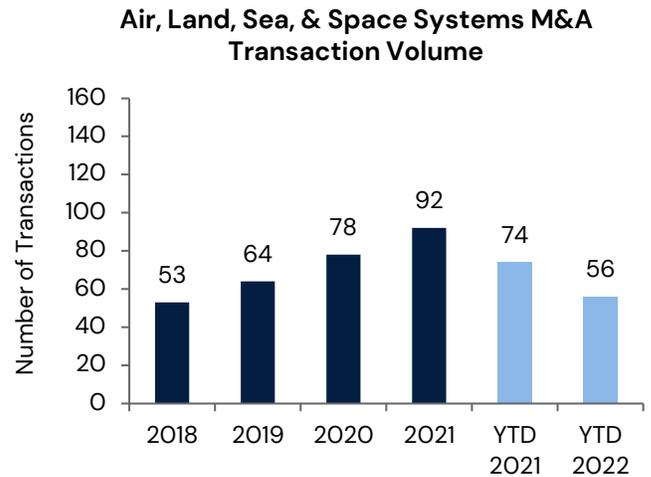
NASA Commercial Space Partners



Source: NASA

M&A VOLUME KEEPS PACE WITH HISTORICAL LEVELS

Sector transaction volume has stabilized in YTD 2022 with 56 deals announced or completed, following a frenzy of M&A activity in 2021 across all industries. The elevated deal volume in 2021, fueled by lower credit rates and business owners forecasting increased capital gains taxes, naturally projected a decline in volume for the following year. However, M&A volume has largely mirrored pre-2021 levels, as increased federal and commercial investment in the sector has fostered a favorable environment for start-up and middle market enterprises. The Space Systems segment has comprised the largest share of transaction volume, accounting for 39%, followed by the Air Systems segment at 35%. The Land and Sea Systems segments have registered more modest deal activity, comprising 8% and 18%, respectively.



Year-to-date (YTD) ended October 4
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Buyers have heavily targeted the Space Systems segment, attracted to the strong margin profiles and revenue visibility of commercial players. Despite a decline in sector M&A activity compared to 2021, purchase multiples have remained high, proving sustained buyer appetite for quality companies with innovative technological advantages. Average purchase multiples in the sector have outpaced the broader ADGS industry, standing at 2.6x EV/Revenue and 13.8x EV/EBITDA over the last three years. Of note, SES Government Solutions, a provider of end-to-end satellite solutions to U.S. intelligence agencies, acquired satellite communications (SATCOM) provider DRS Global Enterprise Solutions in March (\$450 million). The combined businesses will operate as SES Government Solutions and the acquisition is expected to provide \$25 million in annualized run-rate synergies through the addition of an expanded customer base, according to a press release.⁶

Private equity (PE) firms in 2022 have been hesitant to pursue platform acquisitions (16.7% YTD), partly due to elevated interest rates. PE acquirers have concentrated more on add-on acquisitions through YTD, with 14 transactions announced or completed. Capstone expects deal activity among strategic buyers to continue, as public and private strategic acquirers have constituted 57.1% of transactions to-date. A renewed space race between the U.S. and its near peer adversaries, including an escalating war in Ukraine, has supported projections for an increase in spending on DOD programs once a budget for FY 2023 is passed. While the ALSS Systems sector and ADGS industry are heavily resilient to unfavorable economic environments, a potential recession in 2023 will likely cause increased scrutiny by buyers evaluating target companies.

Air, Land, Sea, & Space Systems Valuation Analysis

Valuation Method	Average Revenue Multiple	Average EBITDA Multiple
ALSS Systems Sector M&A Transactions (Q3 2019-Q3 YTD)	2.6x	13.8x
ADGS Industry M&A Transactions < \$500mm EV (Q3 2019-Q3 2022)	2.5x	12.0x

Year-to-date (YTD) ended October 4
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

NOTABLE AIR AND SPACE SYSTEMS TRANSACTIONS

Recent acquisition trends have revealed several drivers in the Air and Space Systems M&A market that are likely to continue into 2023:

- PE firm AE Industrial Partners (AEI) has continued to be an active acquirer through platform and add-on acquisitions in YTD 2022.
- Sector participants that have established relationships and project experience with the DOD are expected to command higher M&A valuations.
- Start-up enterprises with strong fundraising rounds are likely to attract attention as prime targets for acquisition opportunities.



Aerospace and defense contractor L3Harris Technologies (NYSE:LHX) has agreed to acquire Viasat's (Nasdaq:VSAT) Link 16 Tactical Data Links (TDL) business for an enterprise value of \$1.96 billion, equivalent to 4.9x EV/Revenue (October). The Link 16 TDL network has been integrated into numerous military infrastructures across more than 20,000 U.S. and allied platforms allowing warfighters in multiple domains to securely share data communications. As a prime contractor for the U.S. military's Joint All-Domain Command and Control (JADC2) program, the acquisition will allow L3Harris to implement Link 16's space assets into its JADC2 development contracts, according to a press release.⁷

TransDigm (NYSE:TDG), a leading global designer and manufacturer of aircraft components for the Aerospace & Defense industry, has acquired DART Aerospace in May for an enterprise value of \$360 million. DART is an original equipment manufacturer (OEM) of helicopter and rotorcraft components. "DART Aerospace has established positions on a diverse range of new and existing rotary-wing platforms and strong aftermarket content. We expect the DART acquisition to create equity value in-line with our long-term private equity-like return objectives," commented TransDigm's CEO Kevin Stein, in a press release.⁸



PE firm DC Capital Partners has acquired leading developer of unmanned aviation communication and navigation products uAvionix (March). Terms of the transaction were not disclosed. Since its founding, uAvionix has leveraged disruptive technology to surface as a leader in Unmanned and General Aviation markets. uAvionix expects DC Capital Partners' experience in maturing young companies to help improve its internal operations, allowing for the expansion of solutions to existing and adjacent markets, according to a transaction press release.⁹

AEI, a U.S.-based PE firm specializing in ADGS industry services has acquired a significant stake in Firefly Aerospace, for an undisclosed amount (February). As a leader in launch vehicles, spacecraft, and in-space services, Firefly raised Series A financing in May 2021 at a \$1.1 billion valuation, and the company has plans to launch its Blue Ghost Lunar Lander program in late 2023. AEI believes its defense experience will be critical as Firefly looks to secure highly lucrative U.S. Government contracts.¹⁰

COMMERCIAL SPACE COMPANIES SEE HEIGHTENED SUCCESS



Headquarters: Denver, Colorado

York Space Systems was awarded a Space Development Agency (SDA) contract worth up to \$200 million to build and operate 12 satellites for experimental communications capabilities on October 6, 2022. SDA is building the DOD's first internet-in-space constellation in LEO. The York satellites will have military Ultra-High Frequency (UHF) and S-band communications payloads providing mobile wireless services for the U.S. Space Force. The contract follows AEI's acquisition of York on October 4, 2022.



Headquarters: Cedar Park, Texas

Firefly Aerospace launched its Alpha rocket on October 1 from Vandenberg Space Force Base. Firefly claims this launch was successful, following Alpha's initial launch attempt which failed in September due to engine problems. "First stage and second stage performance was in-line with our flight 2 requirements and therefore successful. Stage separation relative motion remained within vehicle requirements," according to a company representative.¹¹



Ticker: Nasdaq:RKL
Headquarters: Long Beach, California
Market Capitalization: \$2.5 Billion

Rocket Lab launched its Electron rocket carrying a satellite payload on October 7. The satellite was commissioned by the U.S. and French governments for wildlife tracking and other sensor data collection. The satellite, nicknamed the GAZelle, was built by General Atomics at a cost of \$64 million and was the eighth rocket launch this year for Rocket Lab and 31st overall for the Electron rocket. Rocket Lab hopes to launch the Electron rocket again in December to deploy the HawkEye 360 satellite following a successful autonomous flight termination system (AFTS) certification test by NASA.



Ticker: NYSE:SPIR
Headquarters: Vienna, Virginia
Market Capitalization: \$205.6 Million

Spire Global recently committed to a collaboration with Virgin Orbit in October to purchase multiple satellite launches over the next several years. The launches are set to bolster growth for Spire's Space Service, which offers a subscription-based communication model for rapid and scalable access to space infrastructure. This collaboration follows the successful launch of Spire's ADLER-1 satellite via Virgin Orbit's Launcher One rapid launch vehicle. Spire expects the collaboration to provide access to Launcher One's rapid and flexible launch capabilities.



Headquarters: Kongsberg, Norway



Headquarters: McLean, Virginia

KSAT and SpaceLink were both recently awarded NASA contracts for research into direct-to-Earth and lunar-space-relay communication, worth \$162,000 and \$190,000, respectively. The contracts are focused on communications research rather than building physical space infrastructure. The companies were awarded the contracts as a part of a NASA campaign to fund commercial sources for space communications services. NASA's Commercialization, Innovation, and Synergies office and Near Space Network Project office are heading up this campaign, testing commercial firms' ability to fulfill NASA communications requirements long term.

Source: SpaceNews

KEY TAKEAWAYS FROM THE 2022 MILSAT SYMPOSIUM



Tess Oxenstierna
Managing Director

In October 2022, Capstone Managing Director Tess Oxenstierna spoke at the [MilSat Symposium](#) as a part of Silicon Valley Space Week. Tess was a featured speaker on the *Financing Military Space Business* panel focused on the relationship between DOD budgets and spending, and the growth of the Commercial Space industry. The panel represented only a fraction of the discussions at the symposium on the growth in communication between national space defense and industry players. In addition to analysis and discussion, panelists examined the financial, technical, and logistical hurdles facing the U.S. Space Force, Space Command, and commercial suppliers.

Capstone's Market Intelligence team attended the event virtually, and through a series of panel discussions, keynote speakers, and technical presentations, we have identified several factors that are expected to shape national security and the Space sector through year end and into 2023.

Interoperability is Key

The JADC2 program was created by the U.S. DOD to facilitate the development of a universal network of sensors, communication, and navigation shared across all branches of the U.S. military. Satellites in LEO space are an essential component of the program, and one of the prominent challenges of a shared network this size is interoperability. The DOD has built an ecosystem of contractors competing to provide services and solutions for the JADC2 program. Speakers on the *JADC2 – The Space Network in Operation* panel kicked off the symposium by highlighting the challenges of integrating commercial technology into a program that needs to be accessible and operable by warfighters across all military infrastructures. "A lot of vendors, especially when there is a particular commercial satellite provider in LEO that is several years ahead of the rest of the field, they do tend to try and establish proprietary interfaces that don't necessarily want to play well with others," said Dr. Rogan Shimmin, Senior Engineer & Technical Program Manager of the Space Portfolio at the DOD's Defense Innovation Unit (DIU). Colonel Darrell Apilado, SATCOM Chief at U.S. Space Command, added, "We need make sure we're interoperable and integrated. It doesn't make sense if operators are stove-piped in what they do, if they are not talking [with each other]."

U.S. Needs New Satellite Defense Systems

Advancements in anti-satellite (ASAT) technology by near peer competitors has propelled the need

for U.S. development of LEO satellites and rockets with advanced mobility capabilities. In his keynote presentation, Jim Bridenstone, former NASA administrator and advisory board member at Firefly Aerospace, quoted an op-ed written by Air Force General Kevin Chilton on the threats posed by anti-satellite weapons. "15 years after China's January 11, 2007 ASAT strike that destroyed their own satellite, we still lack the ability to defeat an attack on our space systems," said General Chilton. Defeating an attack in space is similar to defeating a strike in the air domain, as both require deception and maneuverability, according to Mr. Bridenstone. During his presentation, Mr. Bridenstone emphasized the need for new types of satellite propulsion systems including the development of chemical propellants to feed an electric propulsion system. This allows satellite maneuverability against ASAT weapons, especially considering that the U.S. has the highest number of very-low earth orbit (VLEO), LEO, and geostationary orbit (GEO) satellites.

U.S. Space Force Partnerships with Commercial Industry will Continue to Expand

Day two of the MilSat Symposium was underscored by a keynote presentation from U.S. Space Force Major General Douglass Schiess. The presentation from Major General Schiess highlighted the Space Force's shift towards more resilient and capable space system architecture designed to operate in a highly contested space domain, while being delivered at operationally relevant speeds to accelerate defense readiness.

KEY TAKEAWAYS FROM THE 2022 MILSAT SYMPOSIUM (CONTINUED)

“The days of optimizing single system solutions that take decades to deliver are over. The operating picture has changed. We must deliver faster than our competitors and expand our nation’s advantage in space,” said Major General Schiess. In laying out solutions for expediting projects for operational readiness, Major General Schiess explained that the procurers at the U.S. Space Force will leverage innovation across all Commercial sectors by looking for companies outside the traditional Aerospace & Defense industry, and traditional industry players as well. Major General Schiess’ speech encapsulated one of the most important takeaways of the entire symposium; U.S. Space Force and the DOD will create the requirements for space defense systems, but the Commercial market will be the main driver of innovation as it continues to invest ahead of, and in some cases shape, DOD mission and funding requirements

Financing Military Space Business: A New Landscape for DOD Commercial Partners

Capstone Partners’ Managing Director Tess Oxenstierna joined Tom Gillespie, Managing Partner at In-Q-Tel; Ryan Lewis, Partner at SRI Ventures; and Devin Brande, Presidential Innovation Fellow for the U.S. Department of the Navy; to discuss the financial aspects of commercial space companies working with the DOD. The panel reviewed the motivations that drive the DOD to finance a business, DOD budget analysis and predictions, and how market trends affect the Commercial Space sector.

The 2022 MilSat Symposium panels demonstrated that the DOD is willing to let the Commercial market drive innovation in the sector. “The number one most important difference [between DOD and private financing] is that the government, DOD, and NASA are mission-focused, while the commercial perspective is focused on return. Innovative technology that can meet U.S. government goals for the future drives whether the DOD finances a business,” said Capstone’s Tess Oxenstierna, during the panel discussion. Other panelists’ responses included themes such as stage dependency, mission alignment, and visualizing the DOD customer. Ryan Lewis, a partner at SRI Ventures, the venture capital arm of scientific research institute SRI International, commented on commercial companies driving

DOD requirements for financing. “Some of these emerging sectors in the industry have direct requirements that are not as defined, and it allows for new entrants into those sub-sectors to maybe push the government on what they think is the right approach. Through interaction between government, startups, and incumbents we begin to see the formalization of those ‘requirements’ for each sub-sector,” said Ryan Lewis.

In addition, DOD budget dynamics are always evolving based on presidential administrations. “As a less mature company or a younger company, I think there is going to be a challenge where you can’t just model your behavior on what was successful 10–20 years ago. You’re going to have to find more creative ways to do business and to structure your finances. I do think it will require a tremendous amount of creativity going forward for the community,” commented Presidential Innovation Fellow, Devin Brande.

The relationship between the DOD and commercial players is a balanced one. Tom Gillespie from Central Intelligence Agency-funded venture capital firm In-Q-Tel, explained what the government expects from their commercial partners. “The caveat [for partnerships] is U.S. or friendly country ownership or control. If it doesn’t align well with what our government is looking for in the mix of people involved with the company, it’s probably not going to gain a lot of traction with the government,” said Tom Gillespie. Capstone’s Tess Oxenstierna rounded out the discussion with what commercial partners are hoping for from the government. “The main thing you want to hear from the government is that you want to see them consistently pass a budget on time. You want them to show that there is a mission long term, see what that looks like and if companies can see how cash rolls out over five years of a contract, then they can see what the borrowing needs are. As long as the demand signal is clear from the government, and the Fed does what it needs to do in the current market, then I think you got that balance,” said Tess Oxenstierna.



SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise	EV/LTM	
				Value (mm)	Revenue	EBITDA
10/04/22	York Space Systems	AE Industrial Partners	Develops a S-Class platform and 3-axis stabilized spacecraft.	-	-	-
10/03/22	Link 16 TDL Business of Viasat	L3Harris (NYSE:LHX)	Provides multifunctional information distribution systems (MIDS) platforms.	\$1,960.0	4.9x	~14.0x
10/03/22	QinetiQ Space	Redwire (NYSE:RDW)	Designs the integration of critical space infrastructure.	\$31.5	-	-
09/20/22	Airborne Response	Safe Pro Group	Offers unmanned aviation services and solutions.	-	-	-
08/16/22	Masten Space Systems	Astrobotic Technology	Develops space infrastructure.	-	-	-
09/12/22	NuSpace	PCX Aero	Designs mission critical propellant and pressure vessel solutions.	-	-	-
09/09/22	CleanTech	Nauticus (Nasdaq:KIT)	Develops ocean robots and cloud software.	-	-	-
05/10/22	Mojix	Peak Rock Capital	Designs and manufacturers signal processing technology.	-	-	-
05/09/22	Blue Sky Network	ACR Group	Provides satellite communication and logistics-based hardware.	-	-	-
04/25/22	RE2 Robotics	Sarcos (Nasdaq:STC)	Provides intelligent mobile manipulation systems.	\$80.1	5.3x	-
03/21/22	Axess Network Solutions	Hispasat	Provides bespoke satellite-based communications.	\$103.8	-	-
03/17/22	Pipistrel Vertical Solutions	Textron (NYSE:TXT)	Manufactures aircrafts.	\$269.2	-	-
03/14/22	Dart Aerospace	TransDigm Group (NYSE:TDG)	Develops markets-certified solutions for the Aerospace industry.	\$360.0	-	-
03/09/22	uAvionix	DC Capital Partners	Manufactures communications, navigation, and surveillance products.	-	-	-
03/08/22	Connecta Satellite	A111 Capital	Provides mobile and fixed satellite solutions.	-	-	-
02/15/22	L3Harris Space and Navigation Business	EMCORE (Nasdaq:EMKR)	Develops space navigation products.	-	-	-
01/18/22	SolAero Technologies	Rocket Lab (Nasdaq:RKLB)	Manufactures solar panels for satellite.	\$80.0	-	-
01/17/22	SeaOwl	Butler Industries	Provides Marine Drone Services	-	-	-

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



PUBLIC COMPANY DATA

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	10/20/22	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
AeroVironment, Inc.	\$79.21	69.4%	\$1,965.1	\$2,072.4	\$453.2	\$71.7	15.8%	4.6x	28.9x
AST SpaceMobile, Inc.	\$6.84	47.9%	\$368.1	\$398.2	\$18.3	NM	NA	NM	NM
Astra Space, Inc.	\$0.53	3.9%	\$141.5	-\$50.7	\$6.6	NM	NA	NM	NM
BAE Systems plc	\$9.10	94.5%	\$28,176.0	\$33,909.2	\$24,206.8	\$3,034.2	12.5%	1.4x	11.2x
BlackSky Technology Inc.	\$1.48	12.9%	\$174.5	\$138.3	\$48.4	NM	NA	2.9x	NM
Elbit Systems Ltd.	\$207.73	90.9%	\$9,210.4	\$10,457.6	\$5,514.0	\$627.8	11.4%	1.9x	16.7x
General Dynamics Corporation	\$239.37	93.9%	\$65,518.9	\$76,467.9	\$38,441.0	\$5,679.0	14.8%	2.0x	13.5x
HEICO Corporation	\$148.96	89.9%	\$17,821.1	\$18,270.1	\$2,108.1	\$577.1	27.4%	8.7x	NM
Hexcel Corporation	\$56.25	85.5%	\$4,730.8	\$5,444.1	\$1,477.7	\$294.1	19.9%	3.7x	18.5x
Huntington Ingalls Industries, Inc.	\$243.14	99.9%	\$9,712.9	\$12,620.9	\$10,253.0	\$1,196.5	11.7%	1.2x	10.5x
Kratos Defense & Security Solutions	\$10.04	42.7%	\$1,264.5	\$1,523.8	\$832.6	\$63.7	7.7%	1.8x	23.9x
L3Harris Technologies, Inc.	\$237.61	84.9%	\$45,467.4	\$52,953.4	\$16,817.0	\$3,687.0	21.9%	3.1x	14.4x
Leidos Holdings, Inc.	\$93.19	83.9%	\$12,724.2	\$18,231.2	\$14,065.0	\$1,732.5	12.3%	1.3x	10.5x
Leonardo S.p.a.	\$7.29	68.4%	\$4,191.8	\$8,974.7	\$15,017.8	\$1,705.0	11.4%	0.6x	5.3x
Lockheed Martin Corporation	\$439.96	91.7%	\$115,302.1	\$124,352.1	\$64,722.0	\$9,045.0	14.0%	1.9x	13.7x
Momentum Inc.	\$1.19	10.1%	\$99.9	\$17.4	\$0.3	NM	NA	NM	NM
Moog Inc.	\$79.80	88.7%	\$2,543.5	\$3,411.6	\$2,992.1	\$367.2	12.3%	1.1x	9.3x
Northrop Grumman Corporation	\$510.91	98.9%	\$79,043.5	\$92,026.5	\$34,957.0	\$9,175.5	26.2%	2.6x	10.0x
Oshkosh Corporation	\$79.21	63.3%	\$5,178.1	\$5,385.3	\$7,080.7	NM	NA	0.8x	NM
Parsons Corporation	\$42.78	97.6%	\$4,430.4	\$5,325.0	\$3,864.5	\$372.0	9.6%	1.4x	14.3x
Raytheon Technologies Corporation	\$87.63	82.7%	\$128,970.3	\$158,796.3	\$65,287.0	\$11,808.0	18.1%	2.4x	13.4x
Redwire Corporation	\$2.38	14.0%	\$150.5	\$238.5	\$143.4	NM	NA	1.7x	NM
Rocket Lab USA, Inc.	\$4.19	24.7%	\$1,965.2	\$1,570.3	\$128.9	NM	NA	NM	NM
Spire Global, Inc.	\$1.10	16.8%	\$153.9	\$169.1	\$62.0	NM	NA	2.7x	NM
The Boeing Company	\$138.39	59.2%	\$82,177.5	\$128,026.5	\$60,743.0	\$499.0	0.8%	2.1x	NM
TransDigm Group Incorporated	\$541.50	78.9%	\$29,368.1	\$45,467.1	\$5,198.0	\$2,392.0	46.0%	8.7x	19.0x
Virgin Galactic Holdings, Inc.	\$4.48	20.7%	\$1,159.0	\$537.3	\$3.4	NM	NA	NM	NM

EV = enterprise value; LTM = last twelve months
 \$ in millions, except per share data
 NM = Not Meaningful

Mean	16.3%	2.2x	14.6x
Median	13.3%	1.9x	13.6x
Harmonic Mean	7.5%	NA	15.5x

Source: Capital IQ as of October 20, 2022

BUYER UNIVERSE

Capstone has built relationships with and tracked buyers that have been highly acquisitive in the ADGS 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. To learn more about relevant buyers in the sector, contact Managing Director [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) Systems 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 AUVSI 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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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.

**Joe Collins**

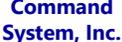
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Joe is a Market Intelligence Analyst at Capstone Partners primarily focusing on the Aerospace, Defense, Government & Security (ADGS) and Healthcare industries. Prior to joining Capstone's Market Intelligence Team, Joe was an intern at Recount Media Inc., a digital media and political news company. At Recount Media he worked on client outreach, social media strategy, and database management for content produced by the company's slate of news podcasts. Joe has a BA in Politics from Bates College.

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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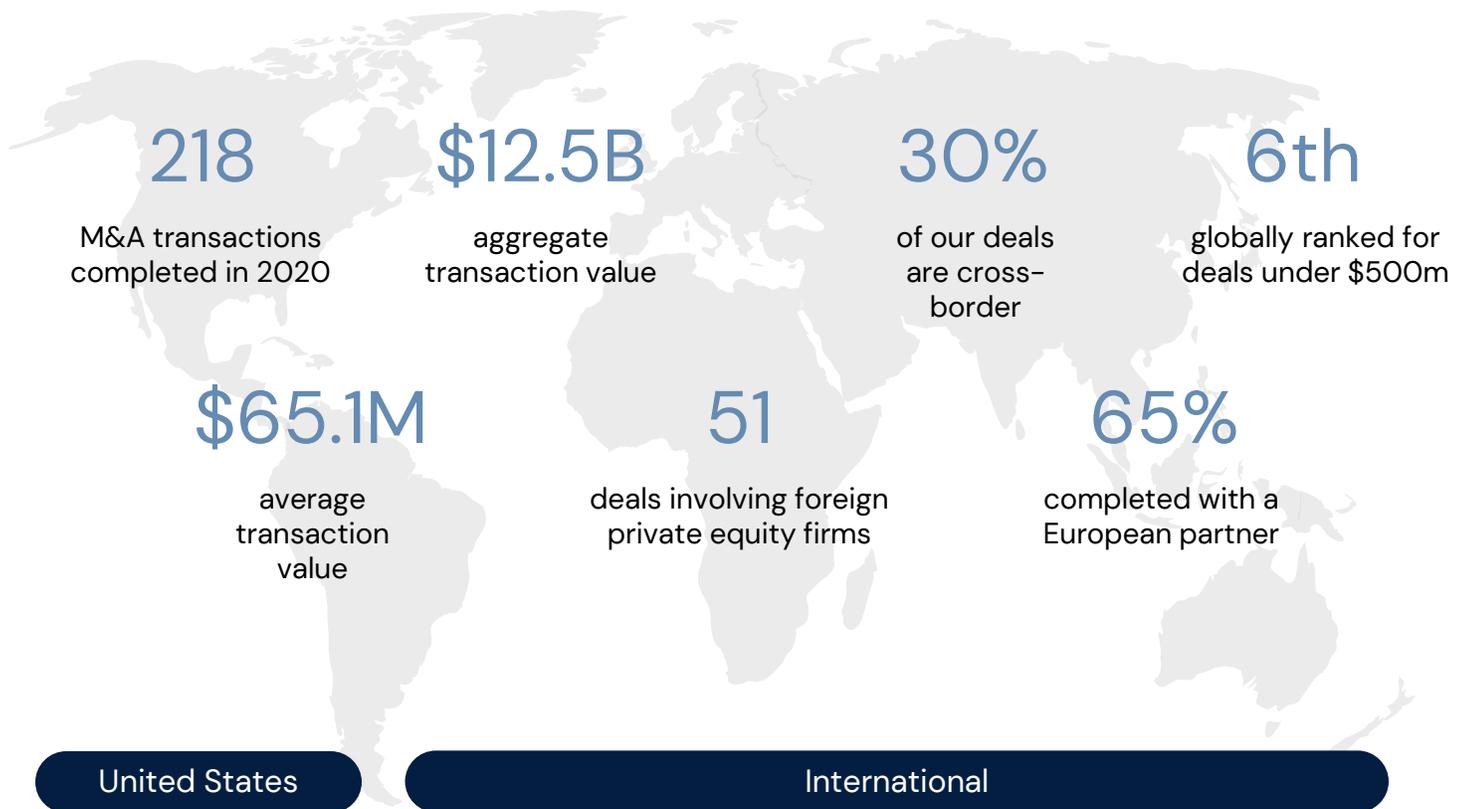
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