



Aerospace, Defense, & Government Services

QUARTERLY NEWSLETTER | Q4 2023



Dealmaking Remains Steady as Markets Finish Strong

Q4 2023 By the Numbers

Q4 **74**
Q4 U.S. Deals Announced

United States

- + 30%**
U.S. YoY % Change in Total Deal Count
- + 31%**
U.S. YoY % Change in PE Deals
- + 28%**
U.S. YoY % Change in Strategic Deals

Global

- + 32%**
Global YoY % Change in Total Deal Count
- + 39%**
Global YoY % Change in PE Deals
- + 26%**
Global YoY % Change in Strategic Deals

2023

271 U.S. Deals vs. 320 in 2022	319 Global Deals vs. 365 in 2022
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Source: DACIS DM&A

A Look Ahead at 2024

Russia Enters 2024 From a Position of Relative Strength: A stalled Ukrainian counteroffensive, slow-moving Western aid, and a resilient Russian industrial base pose key challenges for Ukraine and the West as Ukraine’s war with Russia enters its third year. *See page 2.*

Middle East Tensions Rise: January 2024 saw U.S. and coalition forces launch airstrikes against Houthi targets in response to the Iran-backed group’s recent attacks on commercial shipping in the Red Sea, bolstering sentiment that the Israel-Hamas war could risk erupting into a broader regional conflict. *See page 3.*

Boeing’s Struggles Continue: Boeing and Spirit AeroSystems start the new year facing renewed scrutiny from the FAA and investors following the in-flight blowout of a door plug on an Alaskan Airlines 737 Max 9.

Fed Hints at Shift in Monetary Policy: Fed Chairman Jerome Powell kept interest rates steady at December’s FOMC meeting but signaled potential for a dovish pivot in 2024. As of January 11, 2024, markets have priced in a 65% chance of an interest rate cut by March.

Space Progress Accelerates: Defense and commercial space players hope to hit several key milestones in the coming year, with planned lunar missions and a third integrated test for Starship expected in Q1 2024. *See page 7.*

M&A Activity Summary

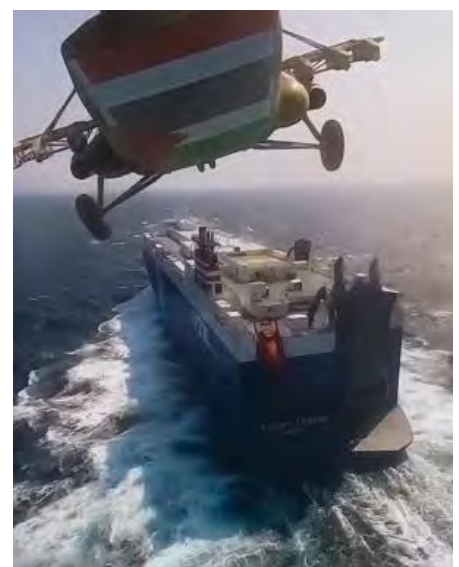
U.S. Aerospace, Defense, and Government Services (ADGS) transaction activity in Q4 2023 was broadly in line with Q3, with 74 transactions in Q4 compared to 73 transactions in Q3. This quarter saw the continuation of a rebound in activity following a trough in deal volumes from late 2022 through early 2023. Q4 ADGS deal volume was up sharply YoY, with both U.S. and international dealmaking seeing a 30%+ increase in activity relative to Q4 2022. Notwithstanding the steady recovery in Q3 and Q4, overall ADGS deal volume for 2023 remained down relative to 2022, both in the U.S. and internationally.

A resurgence in private equity transactions accounted for much of the recovery story in Q4, rising 24% QoQ and comprising 57% of U.S. deals for the quarter. Nonetheless, activity from strategics remained strong relative to early 2023 – this renewed deal appetite was most apparent for public strategics, which accounted for 29% of U.S. transactions in H2 versus just 15% in H1. *See pages 12 and 13.*

Spotlight Transactions

Q4 saw several marquee transactions announced, including AAR Corp’s \$725M acquisition of Triumph Group’s Product Support business and Blackstone’s \$1.3B acquisition of RTX Corp’s Cybersecurity & Intelligence business. Several previously announced acquisitions closed during Q4, including KKR’s ~\$1.9B acquisition of Circor and Emerson Electric’s \$8.2B acquisition of National Instruments Corp.

For additional discussion on selected transactions that shaped the ADGS M&A landscape in Q4, see page 14.



A photo published by Houthis shows a Houthi helicopter approaching the ‘Galaxy Leader’ cargo ship in the Red Sea in December 2023

Global Geopolitical Landscape

Latest Developments From Ukraine

Russia Enters 2024 From a Position of Relative Strength

- **Wartime Economy:** Russia demonstrated the resilience of its industrial base during 2023. The total collapse of the Russian economy as a result of Western sanctions and export controls has not materialized. This success is attributable not only to continued aid from Iran, North Korea, and China, but also to Russia's own success in shifting its economy to a wartime footing. The country is positioned to produce more than two million artillery shells annually according to some Q4 estimates, significantly higher than the current combined production capacity of the U.S. and Western Europe.
- **Stalled Counteroffensive:** Six months after Ukraine launched its summer counteroffensive to take back Russian-occupied territory, Kyiv's forces have made little progress. With Russia having had time to prepare dense and layered defenses along the front, efforts to sever the land bridge between Russia and occupied Crimea have thus far fallen short.

Western Support Faces Growing Strain

- **Latest on U.S. Assistance:** The U.S. has provided \$44.2B in military assistance to Ukraine since Russia launched its invasion in February 2022. The latest tranche of weapons systems, announced December 27, 2023, includes additional HIMARS, 155mm and 105mm artillery rounds, and anti-aircraft missiles.
- **Looking Ahead:** Mr. Zelenskyy's visit to Washington in December failed to persuade U.S. lawmakers to approve an additional \$61B in commitments (*see page 4*). Across the Atlantic, Hungary's Victor Orban in December vetoed a €50B E.U. aid package to Ukraine, with a decision by the bloc requiring the unanimous approval of its 27 member states. While Ukraine faces meaningful challenges in the immediate term, there is reason for optimism. NATO has continually reiterated its commitment to supporting Ukraine, and a 1% of GDP increase in NATO defense spending would be the equivalent of a 24% increase by Russia. Mr. Putin's planned 70% hike in military outlays in 2024 is not a repeatable event.

Unmanned Systems Continue to Play a Defining Role

- **UAS:** Unmanned aerial systems (UAS), ranging from autonomous loitering munitions to cheap First Person View (FPV) drones, have continued to prove themselves as a defining feature of both sides' force structure. Both Russia and Ukraine have used UAS to effectively deliver an asymmetric strategic impact on the battlefield by saturating air defenses, neutralizing more expensive armor and artillery, and giving defenders a significant advantage by curtailing attackers' freedom of maneuver – this advantage benefitted Ukraine in the early stages of the war, but momentum has recently begun to swing back to Russia.
- **An Evolving Adversary:** Russia has begun to demonstrate a capacity to adapt and rely on commercial technology to fuel a home-grown drone industry, emulating the resourcefulness that helped drive Ukraine's success early in the war. Russian Defense Minister Sergei Shoigu said in October that, since the beginning of the year, the country's army has received 16 times the number of drones that it did in 2022. While continued imports of one-way attack drones from Iran and commercial drones from China account for much of this volume, Russia's homegrown production has also surged 80% over the period.
- **Maritime Drones:** Ukraine's successful use of unmanned surface vehicles (USVs) to degrade Russia's naval capabilities in the Black Sea has been a bright spot in an otherwise challenging year. In November, Ukrainian USVs struck two Russian landing ships moored in a Crimean bay, sinking both.



Ukrainian soldier launches an FPV quadcopter

Global Geopolitical Landscape (cont'd)

Headline Roundup: Recap on Q4 Developments Shaping the Global Defense Environment

“The United States and our partners will not tolerate attacks on our personnel or allow hostile actors to imperil freedom of navigation in one of the world’s most critical commercial routes”

- President Joe Biden, January 11, 2024

Middle East Updates:

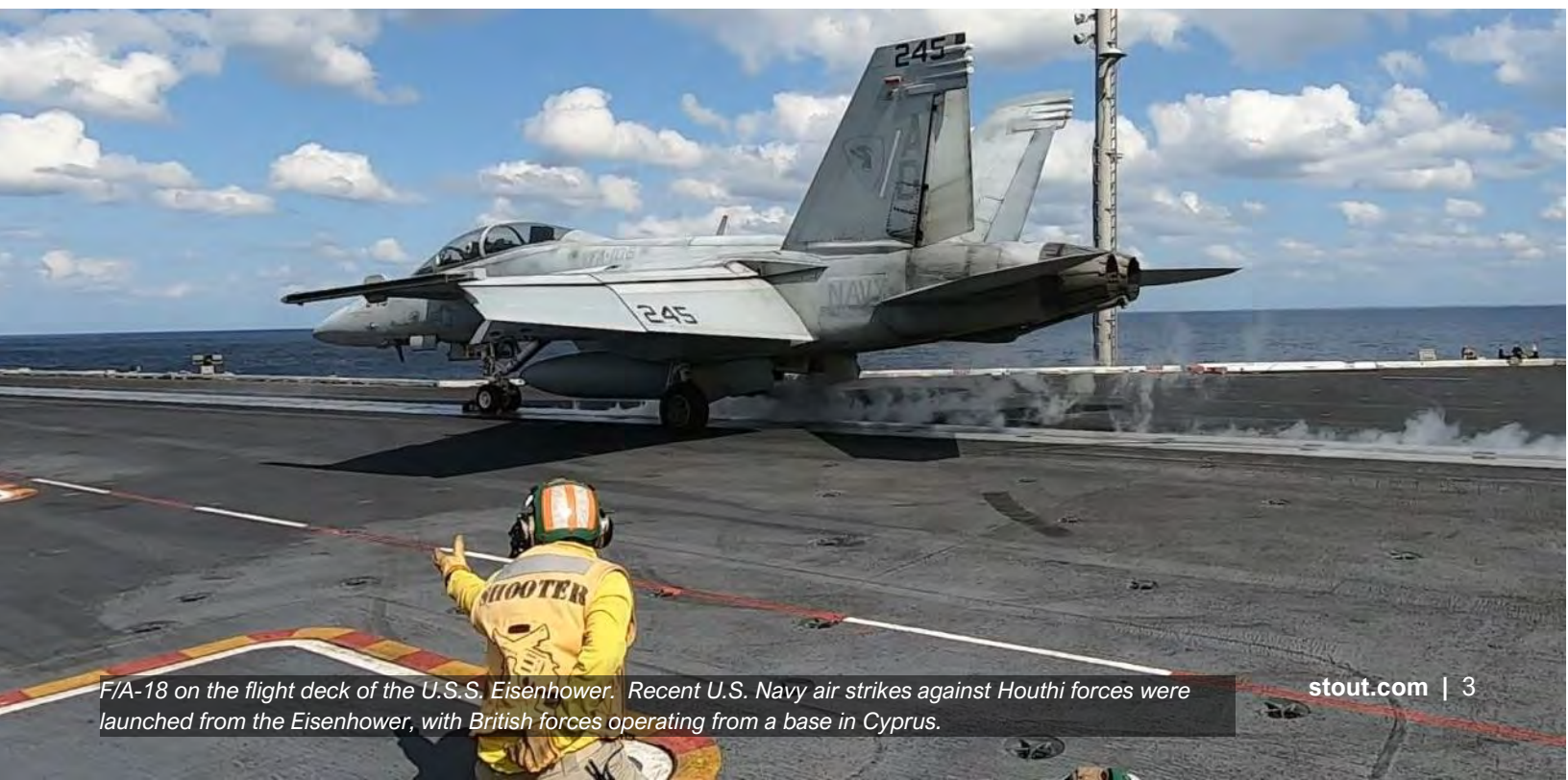
- **U.S. and Coalition Forces Engage Houthi Rebels in Yemen:** Q4 2023 saw the initiation of Houthi attacks on commercial vessels in the Red Sea. The Iranian-backed group has launched dozens of attacks since mid-November, disrupting a key trade route that links Europe and North America with Asia via the Suez Canal and causing container shipping costs to rise sharply as companies seek to ship their goods via alternative routes. On January 11, 2024, the U.S. and U.K. began launching airstrikes against Houthi targets in Yemen.
- **Israel-Hamas Conflict:** As Israel’s war with Hamas enters its third month, the Pentagon has indicated that it is coordinating with industry to help expedite the delivery of pending Israeli weapons orders, adding new pressure to an American industrial base as it strains to meet demand in Ukraine. The U.S. has put pressure on Israel to shift from a large-scale attack to more targeted operations in an effort to reduce the toll on Palestinian civilians.

U.S.- China Relations:

- A summit meeting between Presidents Joe Biden and Xi Jinping held in November near San Francisco yielded a range of deliverables on economic and security issues, including a resumption of military-to-military dialogue between the powers and agreements around renewable energy. On January 13, 2024, Taiwan’s Democratic Progressive Party won a third consecutive presidential election. “The election has shown the world the commitment of the Taiwanese people to democracy, which I hope China can understand,” noted president-elect Lai Ching-te.

Supply Chain Challenges Remain a Key Theme Heading Into 2024:

- The contract dispute between Lockheed Martin and cornerstone supplier Howmet Aerospace highlights some of the challenges faced by industry participants more broadly. The dispute became public after Lockheed filed a lawsuit against Howmet on November 30, alleging that Howmet stopped supplying titanium materials for the F-35 airframe after demanding a “massive price increase.” In its December 1 response, Howmet painted a picture of rising prices for materials following Russia’s invasion of Ukraine, contending that it has complied with its contractual and regulatory obligations to Lockheed.



F/A-18 on the flight deck of the U.S.S. Eisenhower. Recent U.S. Navy air strikes against Houthi forces were launched from the Eisenhower, with British forces operating from a base in Cyprus.

U.S. Defense Policy & Spending Updates

Fiscal Year 2024 Defense Spending

NDAA Updates

President Biden signed the \$883.7B 2024 National Defense Authorization Act (NDAA) in December, following its passage in the House and Senate. This year's defense spending bill is 3% higher than last year's, which trails the current inflation rate (3.4% as of December 2023). Key provisions of the NDAA include:

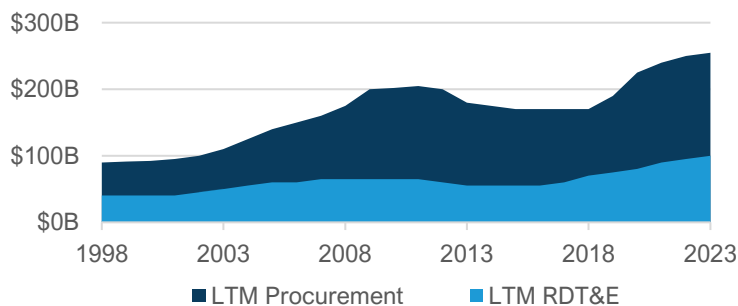
- A 5.2% increase in pay for service members and civilian employees among other cost of living support
- Appropriations for multiyear contracts for the Navy to procure up to 13 Virginia class submarines
- \$14.7B for the Pacific Deterrence Initiative (PDI) and extension of PDI through fiscal year 2024
- Expansion of the list of munitions eligible for emergency multiyear procurement authorities

Although the NDAA has passed, Congress has yet to pass an appropriations bill needed to enact the NDAA for FY24 and to fund the DoD and other agencies. DoD is currently operating on a continuing resolution and, absent further legislation, will run out of funds on February 2, 2024.

Challenges Around Ukraine Aid

U.S. spending in support of Ukraine, which enjoyed broad bipartisan support through 2022, has become an increasingly contested issue. Senate Republicans blocked a proposed \$110.5B emergency spending bill in December, which would have encompassed aid to Ukraine, Israel, and Taiwan. Republicans have indicated that legislation to unlock additional aid to Ukraine would only come as part of a broader deal on border and immigration policy changes.

Defense Investment Outlays at All-Time Highs



U.S. defense investment outlays were up 9.3% YoY as of December 2023, mainly driven by a 14.8% increase in Research Development Test & Evaluation (RDT&E), with Procurement up a more modest 4.8% YoY. The Navy and Air Force command the largest shares of Procurement and RDT&E spend, accounting for ~43% and ~45%, respectively. Investment outlays can be viewed as an indicator of spending on modernization, and thus a leading indicator for growth in the sector.

CMMC 2.0 Rule Published, Public Comment Period Begins

The Pentagon in December published its long-anticipated *Cybersecurity Maturity Model Certification (CMMC) 2.0* framework governing cybersecurity standards for contractors. A 60-day comment period for the new rules framework began following the program's publication on December 26. The updated framework introduces a simplified tiered model that requires contractors to implement cybersecurity measures on a three-level scale based on the sensitivity of information to which they have access.

Senate Confirms Senior Military Promotions



In December, the Senate confirmed 11 nominees for top military posts, marking the end of Sen. Tommy Tuberville's (R-AL) remaining holds over senior military promotions. The 11 promotions affected included the commanders of the U.S. Pacific Fleet, Pacific Air Forces, Air Combat Command, U.S. Northern Command, Cyber Command, and Space Command, according to the Pentagon. At its height, the impasse impacted more than 400 senior promotions, whose confirmations are typically uncontroversial. The delay, launched in protest against a Pentagon policy that pays for service members' travel to seek abortion, had been met with wide bipartisan criticism.

Commercial Aerospace

OEM Order and Delivery Updates



Newly-delivered 787 with Juneyao Airlines livery

- **Airbus:** Airbus drew 2,319 orders for new commercial aircraft during 2023, more than twice as many as it booked during 2022 and 14% more than its previous peak year of 2014. Airbus delivered 735 aircraft to 87 customers during 2023, up 11% relative to 2022 and exceeding its full-year target of 720 aircraft.
- **Boeing:** A strong Q4 brought Boeing's total 2023 deliveries to 528, similarly allowing the American OEM to meet its guidance for the year. The company delivered 396 single-aisle 737s, meeting its revised goal of 375-400 planes, but falling short of its initial target of 400-450 aircraft. Boeing's delivery of a 787 to China's Juneyao Airlines in December marks the first direct 787 delivery to China since 2019. The delivery was highly anticipated as a milestone on the path toward resumption of MAX deliveries to China.

Leadership Shake-Ups Across Key Players

- **Boeing:** Boeing in November announced the elimination of its corporate-level strategy function, with Chief Strategy Officer Marc Allen stepping down. In December, the company elevated Stephanie Pope to a newly created COO role, placing her as a likely successor to CEO David Calhoun.
- **RTX:** In December, RTX Corp. named Chris Calio as successor to CEO Greg Hayes. Calio will assume the role in May 2024, following the company's annual shareholder meeting.
- **Spirit AeroSystems:** In October, Spirit named Boeing veteran Pat Shanahan as interim President and CEO.

Headline Roundup

- **Rolls-Royce Looks to Exit Electric Propulsion:** Rolls-Royce indicated in November that it would seek to sell its Electric division, which is developing electric propulsion systems for eVTOLs, including those in development by Vertical Aerospace and Hyundai-backed Supernal. The news came as part of a broader restructuring unveiled at RR's November 28 capital markets day. Markets responded well, with multiple analysts raising their price targets for the engine manufacturer. Rolls-Royce shares were up nearly 200% from January 2023.
- **Boeing and Spirit Reach Pricing Agreement:** In October, Boeing and key supplier Spirit AeroSystems unveiled an agreement under which Spirit would receive immediate funding and revised prices for 737 and 787 component production. The agreement addresses concerns laid out by former Spirit CEO Tom Gentile, who said in September that the company's contracts with Boeing and Airbus were "not sustainable" due to inflationary pressures. Spirit shares were up 23% on the news.
- **FAA Gives the Green Light for MAX 10 Flight Tests:** In November, the FAA granted type inspection authorization for the 737 MAX 10, the largest version of Boeing's bestselling narrowbody. The milestone allows FAA pilots to participate in flight testing needed to certify the plane for normal operations. The MAX 10 is Boeing's answer to the Airbus A321neo, which has dominated the top end of the narrowbody market against Boeing's MAX 9.



Rolls-Royce unveiled optimistic guidance during its November 28 capital markets day, paving the way for reinstatement of its investment grade rating and resumption of its dividend. RR shares were up nearly 200% over the course of 2023.

Defense

Collaborative Combat Aircraft (CCA) and Replicator Program Updates

- **CCA Downselect:** Boeing, General Atomics, Lockheed Martin, Northrop Grumman, and Anduril are in the pool of vendors so far selected by the Air Force for an early stage of its “loyal wingman” CCA program. The notable omission in December’s downselect announcement is Kratos, whose Valkyrie platform was long seen as a contender for the program. Air Force Secretary Frank Kendall indicated in November that the cost of a single CCA would be “on the order of a quarter or a third” of the current unit cost of an F-35 (implying a per-unit price tag of \$25-35M for the CCA and thus suggesting a higher-end capability suite than that of the roughly \$8M Valkyrie).
- **Replicator Program:** First unveiled by Deputy Defense Secretary Kathleen Hicks in August 2023, the Replicator Program aims to procure thousands of attritable drones in the next 18-24 months to counter China’s edge in industrial manufacturing capacity. Dialogue surrounding the program throughout Q4 has been mixed – while industry has welcomed the pledge of an accelerated Pentagon procurement process, critics in Congress and industry have expressed reservations as to whether Replicator will turn into a meaningful procurement program (in the words of one industry executive: “Right now, it’s a baseless PR spin”). The Defense Innovation Unit (DIU) indicated in November that it would host a summit in early 2024 to provide industry with more detail about program opportunities.

Headline Roundup

- **B-21 First Flight:** Northrop Grumman’s next-generation stealth bomber completed its first flight test in November. The Air Force plans to purchase at least 100 of the aircraft to replace its current B-1 and B-2 bombers.
- **Ground Based Strategic Deterrent (GBSD) Over Budget:** Secretary Kendall expressed concerns in November that the Air Force’s Sentinel program, the ground-based leg of the U.S. nuclear triad, could see costs rise. His remarks underscored the vast scope and complexity of the Northrop Grumman-led program, which encompasses civil engineering, communications and command-and-control infrastructure, and the production of the missile itself.
- **V-22 Grounding:** The U.S. military grounded its entire fleet of V-22 Ospreys on December 6, following the fatal crash of a V-22 off the coast of Japan. Preliminary investigation of the crash, which killed eight Air Force Special Operations Command service members, indicated that it came as a result of materiel failure rather than operator error. The Marine Corps, which operates the vast majority of Ospreys, has turned largely to the Navy’s C-2 Greyhound to fill the Osprey’s carrier onboard delivery role.



Northrop Grumman’s B-21 Raider on the runway prior to its first flight in Palmdale, CA.

Space

Starship & SpaceX Updates

- **Starship:** SpaceX completed the second fully integrated test of its super-heavy launch system on November 18, with Starship successfully separating from its booster, marking significant progress from its first test flight in April 2023. The launch system is the cornerstone of NASA's Artemis program and is planned to support crewed landings on the moon for the Artemis 3 and 4 missions. A third test is targeted for February 2024.
- **A Look At SpaceX Financials:** According to a November analysis from Bloomberg, SpaceX is expecting revenue of \$9B in 2023 from launch services and its Starlink satellite constellation. Sales are projected to grow to \$15B in 2024. Growth is expected to be led by Starlink, with revenue for the constellation outpacing SpaceX's launch business in 2024.

Headline Roundup

- **ULA Sale Process Advances:** As of December 2023, the Lockheed-Boeing joint venture is reported to have received bids from Blue Origin, Cerberus, and Textron.
- **Vulcan Centaur First Launch:** ULA notched a successful first launch of its Vulcan Centaur rocket on January 8, 2024. The launch was the first of two flights for Vulcan Centaur required for certification by the U.S. Space Force for national security payloads. The second, carrying the first Dream Chaser spaceplane from Sierra Space, is scheduled for as soon as April 2024.
- **China Launches Classified Payload:** December marked China's sixth launch of its Long March 5 rocket. The rocket carried a classified payload to geostationary orbit. Chinese state news agency Xinhua indicated that the satellite would be used for "land survey, crop yield estimation, environmental management, meteorological warning and forecasting, and comprehensive disaster prevention and reduction." Outside observers have assessed the satellite to be designed for military purposes.
- **Blue Origin Resumes Blue Shepard Launches:** Blue Origin successfully launched its New Shepard suborbital vehicle on December 19, its first mission since a mishap in September 2022.
- **Astra Founders Explore Take-Private:** In November, Astra co-founders Chris Kemp and Adam London offered to take the struggling launch company private, with their bid valuing the company at nearly \$30M.

Takeaways from First Annual Spacepower Conference

In December, the Stout team attended the inaugural Spacepower Conference, which brought together over 2,000 Guardians, military and government leaders, and leaders from private industry to address key challenges surrounding national security and space. Key competencies identified for American space power included:


- **Space Domain Awareness (SDA):** Real-time and actionable understanding of the operational dynamics (including, crucially, spacecraft operator intent) in the space domain, with a particular emphasis on speed and reducing latency.
- **Tactically Responsive Space (TacRS):** The ability to rapidly respond to potential threats, reducing the risk of surprise, miscalculation, and inadvertent escalation.

An emphasis on innovation underpinned the conference, which included discussions around automation, propulsion technology, AI/ML, new materials, and a shift away from exquisite systems in favor of agile development and distributed space architecture.



2024 Outlook and Capital Markets Activity


Recap of Select Capital Markets Activity



High Yield Notes,
Convertible Notes,
Equity Offering

In early November, Spirit AeroSystems undertook several efforts to shore up its capital structure and bolster its liquidity following higher-than-expected 2023 cash burn, including:


- **High Yield Notes:** \$1.2B in senior secured second lien notes due 2030 at 9.750%. Spirit plans to use the proceeds to fund a tender offer for the \$1.2B outstanding principal of its 7.500% notes due 2025. Spirit also closed a \$900M offering of 9.375% senior secured first lien notes, the proceeds of which are intended to fund a tender offer for its 5.500% notes due 2025. Spirit's refinancings underscore the recent shift in the interest rate environment.
- **Convertible Notes:** Spirit offered \$200M in convertible notes (with an option for noteholders to purchase an additional \$30M) maturing 2028.
- **Equity Offering:** Spirit raised \$200M via the sale of Class A common stock.



Investment Grade Bonds,
Term Loan

In November, RTX Corp issued significant debt to help fund a \$10B share buyback. The buyback, approved at the end of Q3, aims to shore up RTX's share price following recalls of its P&W GTF engine in Q3. RTX's stock was down ~17% in 2023.

- **Bonds:** RTX offered a total of \$6B in investment grade bonds across five tranches, with coupons ranging from 5.750% to 6.400% and maturity ranging from 2026 to 2054.
- **Term Loan A:** Principal amount of \$4B across two tranches of \$2B each, due 2025 and 2026, both at SOFR + 112.5 bps (proceeds used to pay down bridge facility from October).



Senior Secured Notes,
Term Loan

TransDigm raised additional debt in November to bolster its balance sheet and help fund its \$1.4B acquisition of CPI, including:

- **Senior Secured Term Loan B:** Amendment to TransDigm's existing Term Loan, allowing the company to incur an incremental \$1B at SOFR + 325 bps, due 2031.
- **Senior Secured Notes:** Principal amount of \$1B, at 7.215%, due 2031.

Industry Perspectives on the Year Ahead

“
During an election year, politicians are not looking to say, 'I want to become more fiscally restrained.' They are not saying, 'I want to spend less.' Typically, election years are the opposite, which [is] 'I have more gifts for you.'”
- Dan Batrack, CEO 

“
*I think the **supply chain has improved dramatically, but there's still room to go.** Lead times have improved. Of course, there are some components, particularly chips, that are still a little complicated...but **I think it will return to normal at some time, I would expect within calendar 2024.**”*
- Victor Mendelson, Co-President 

“
*[Our] guidance is based on current expectations for a continued recovery in our primary commercial end markets. **Our strong bookings support the fiscal 2024 commercial end market revenue guidance.**”*
- Kevin Stein, President & CEO 






“
*All in all, we would expect to see... margin continuing on its trajectory again toward that mid to high teens rate. **We'll see improvement here in the fourth quarter, and I expect to see good improvement in 2024.**”*
- Jason Aiken, Executive VP 

Selected Company Performance: Aerospace

Company	Management Commentary	MRQ Results (USD Millions)	
		Sales	EPS
	<p>“We continue to progress in our recovery and despite near-term challenges, we remain on track to meet the financial goals we set for this year and for the long term. We are focused on driving stability in our supply chain and improving operation performance as we steadily increase production rates to meet strong demand.”</p> <p>– David Calhoun, President, Chief Executive Officer and Director</p>	Consensus	\$ 18,302 (2.61)
		Actual	\$ 18,104 (3.26)
		Beat / Miss	(1.1%) (25.0%)
		Next Report Date (Q4): 01/24/2024	
	<p>“It has not been and it still is not a walk in the park, as the global environment has become increasingly complex... management of the supply chain remains a crucial part of our activities. And there, while the situation is progressively getting better, our needs for material and components keep increasing as we continue to ramp-up.”</p> <p>- Guillaume Faury, Chief Executive Officer</p>	Consensus	€ 14,905 1.14
		Actual	€ 14,897 1.21
		Beat / Miss	(0.1%) 5.9%
		Next Report Date (Q4): 02/15/2024	
	<p>“My principal goal is to be cash flow positive as soon as possible. Executing on programs, increasing deliveries is the most crucial lever to achieve that goal... I'm encouraged by the unbelievable organic growth in our core segment with a \$42 billion backlog. The demand comes with challenges that we must mitigate as part of a new world that is less stable.”</p> <p>- Pat Shanahan, Chief Executive Officer</p>	Consensus	\$ 1,440 (1.53)
		Actual	\$ 1,439 (1.42)
		Beat / Miss	(0.1%) 7.2%
		Next Report Date (Q4): 02/02/2024	
	<p>“We saw a healthy growth in our revenues and bookings for all three of our major market channels, commercial OEM, commercial aftermarket, and defense. Revenues also sequentially improved in all three of these market channels... OEM supply chain and labor challenges persist, but appear to be slowly progressing. We continue to be encouraged by the steadily increasing commercial OEM production rates”</p> <p>- Kevin Stein, President and Chief Executive Officer</p>	Consensus	\$ 1,852 7.63
		Actual	\$ 1,852 8.03
		Beat / Miss	0.0% 5.2%
		Next Report Date (Q4): 02/05/2024	
	<p>“Consolidated third quarter fiscal '23 net sales represent record results for HEICO, driven principally by record net sales within Flight Support Group, mainly arising from continued strong demand for our commercial aerospace products and services and the contributions from our fiscal '23 and '22 acquisitions.”</p> <p>- Larry Mendelson, Chairman & CEO</p>	Consensus	\$ 899 0.67
		Actual	\$ 936 0.74
		Beat / Miss	4.1% 9.7%
		Next Report Date (Q4): 02/23/2024	

Source: S&P CapIQ

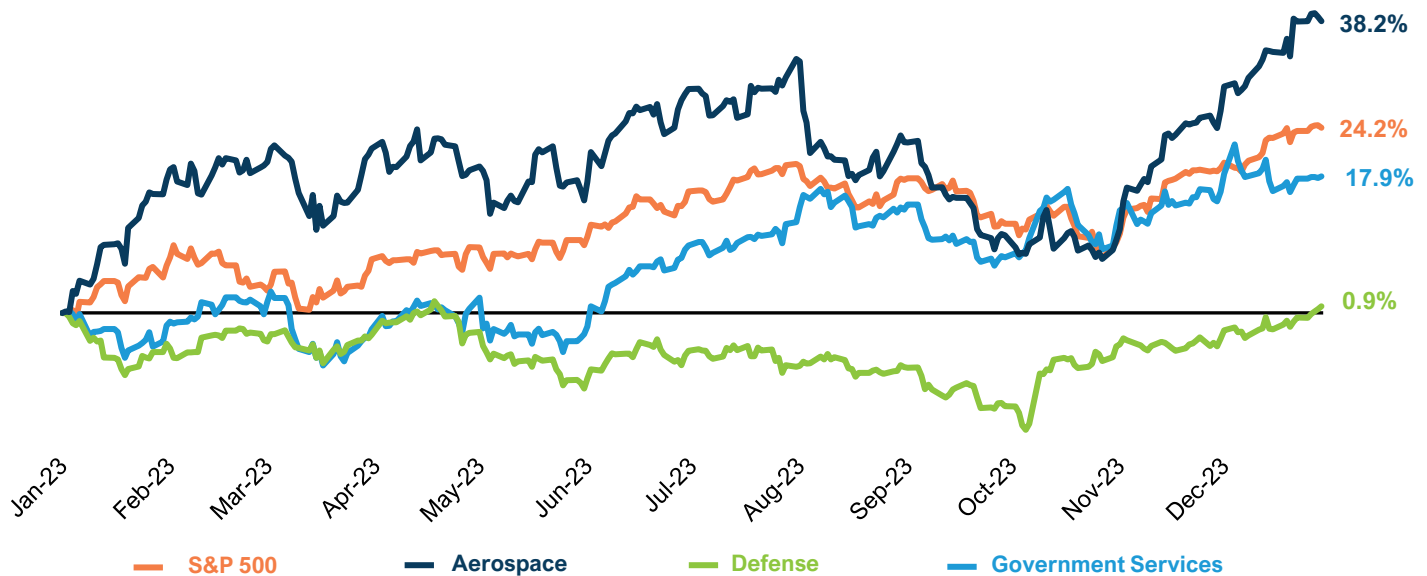
Selected Company Performance: Defense

Company	Management Commentary	MRQ Results (USD Millions)	
		Sales	EPS
	<p>“This was yet another positive quarter reflecting continuing strong demand. Aerospace book-to-bill was 1.4 to 1, and Gulfstream alone had a book-to-bill of 1.5 to 1. We continue to have vibrant sales activity going into the fourth quarter and expect strong orders.”</p> <p>- Jason Aiken, Chief Financial Officer</p>	Consensus	\$ 10,091 2.94
		Actual	\$ 10,571 3.04
		Beat / Miss	4.8% 3.3%
		Next Report Date (Q4): 01/24/2024	
	<p>“Results through the first three quarters have been solid with a long-term demand environment that is favorable... We’re maintaining our full-year outlook while increasing our planned share repurchases... We’re accelerating the adoption and insertion of 21st century digital technologies and collaborating more closely with international partners and allies.”</p> <p>- Jay Malave, Chief Financial Officer</p>	Consensus	\$ 16,722 6.64
		Actual	\$ 16,878 6.77
		Beat / Miss	0.9% 1.9%
		Next Report Date (Q4): 01/23/2024	
	<p>“We are also seeing an increase in international demand for our capabilities. We’ve seen a particular increase in our weapon systems portfolio and missile defense technologies like the IBCS product line. One notable example of this growing demand is with AARGM-ER where we’ve now received interest from more than a dozen countries.”</p> <p>- Kathy Warden, Chair, CEO & President</p>	Consensus	\$ 9,557 5.80
		Actual	\$ 9,775 6.18
		Beat / Miss	2.3% 6.6%
		Next Report Date (Q4): 01/25/2024	
	<p>“On the defense side, the elevated threat environment is continuing to drive increased defense spending globally... Our backlog is now a record \$190 billion with a pipeline of both existing franchises and new technology developments.”</p> <p>- Greg Hayes, Chairman and Chief Executive Officer</p>	Consensus	\$ 18,709 1.22
		Actual	\$ 18,952 1.25
		Beat / Miss	1.3% 2.6%
		Next Report Date (Q4): 01/23/2024	
	<p>“L3Harris is viewed as a disruptive competitor that is re-shaping the defense industrial base. Underpinning our strategy is a focus on... driving costs out of our system and focusing our portfolio as a national security company. In the third quarter, we reported 16% top-line growth, a second consecutive quarter of sequential margin improvement, and strong cash generation resulting in more than 100% FCF conversion.”</p> <p>- Christopher Kubasik, Vice Chair & CEO</p>	Consensus	\$ 4,868 3.03
		Actual	\$ 4,915 3.19
		Beat / Miss	1.0% 5.2%
		Next Report Date (Q4): 01/25/2024	

Source: S&P CapIQ

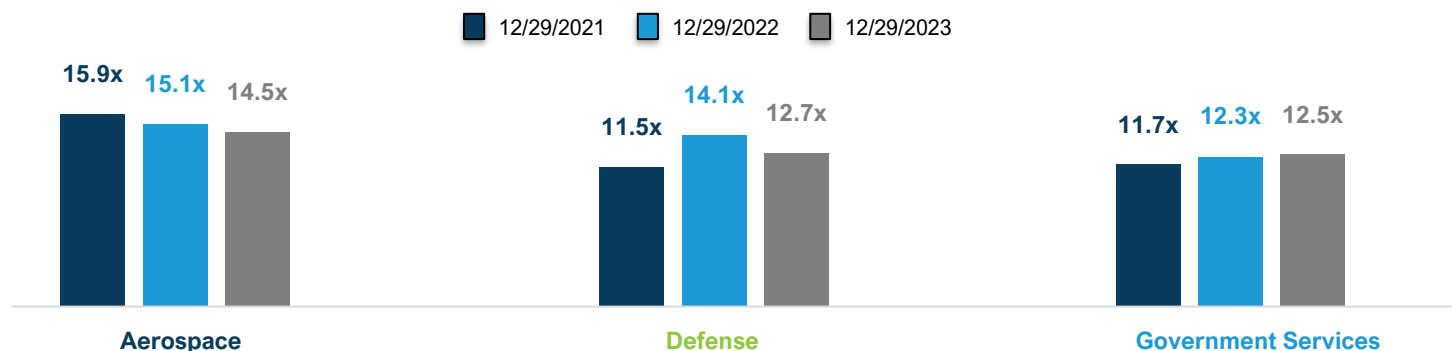
ADGS Capital Markets Performance

LTM Market Performance Across Primary Sector Indices



All indices saw gains in 2023, benefitting from broader market momentum in Q4. Aerospace led the way in 2023 due to rebounding commercial air travel, with 9 out of 12 index constituents beating the S&P 500. Defense lagged significantly, with Lockheed Martin, Northrop Grumman, and RTX all seeing negative returns in 2023 as investors prepare for election season and budget uncertainty (these names remain up relative to the S&P on a two-year basis following massive gains in 2022). Government Services names delivered modest returns, proving to be less affected by the political uncertainties surrounding Defense stocks.

Historical Average EV / NTM EBITDA Multiples



Aerospace and Defense names both saw valuation multiple declines over the last twelve months. Aerospace stocks produced strong earnings in 2023, and expectations of further growth following the post-covid rebound are less significant. For Defense stocks, increasing geopolitical tensions appear to have been largely priced in as of Q4 2022 and have not outweighed the looming partisan divide surrounding further defense spending. Government Services stocks have again proven to be less cyclical, trading at a slight premium compared to twelve months ago.

Aerospace: AAR, Airbus, Astronics, Boeing, Bombardier, Embraer, HEICO, Hexcel, Safran, Spirit, TransDigm, Triumph

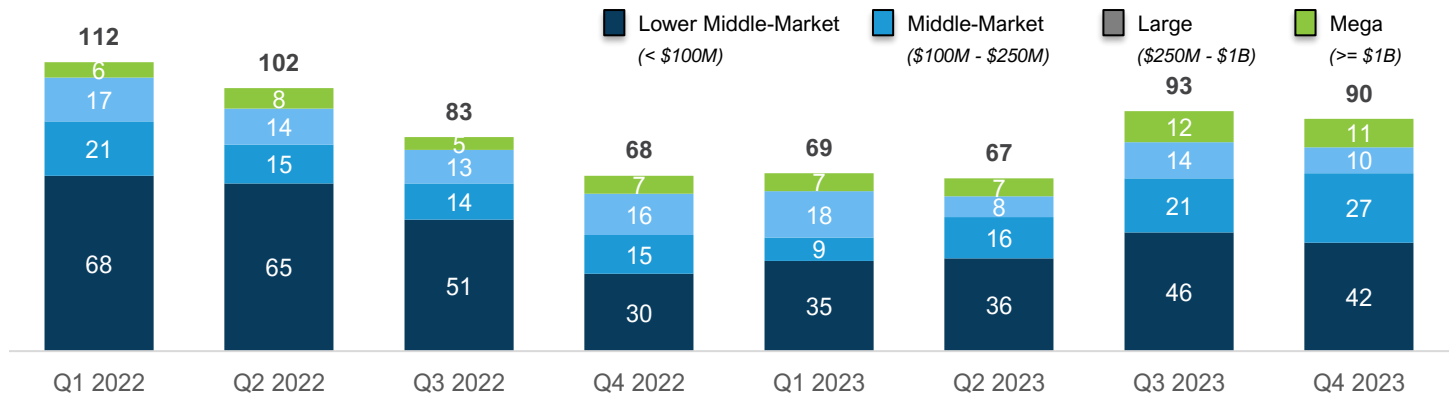
Defense: BAE Systems, General Dynamics, L3Harris, Lockheed Martin, Northrop Grumman, RTX Corporation

Government Services: Booz Allen Hamilton, CACI, ICF, Leidos, Maximus, Parsons, SAIC, V2X

Source: S&P CapIQ as of 12/29/2023

ADGS M&A Deal Volume Metrics

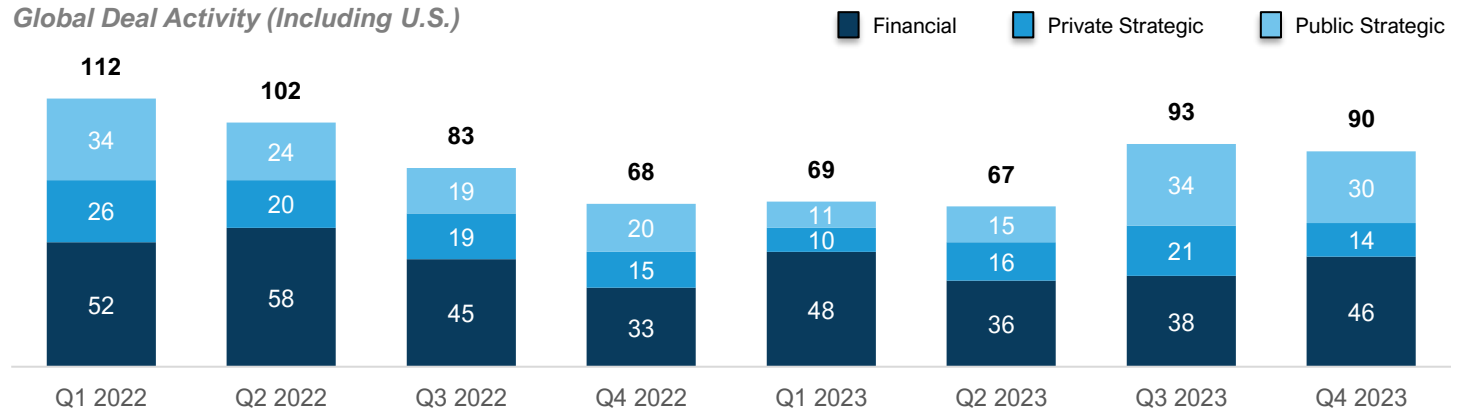
Global ADGS M&A Activity by Transaction Size



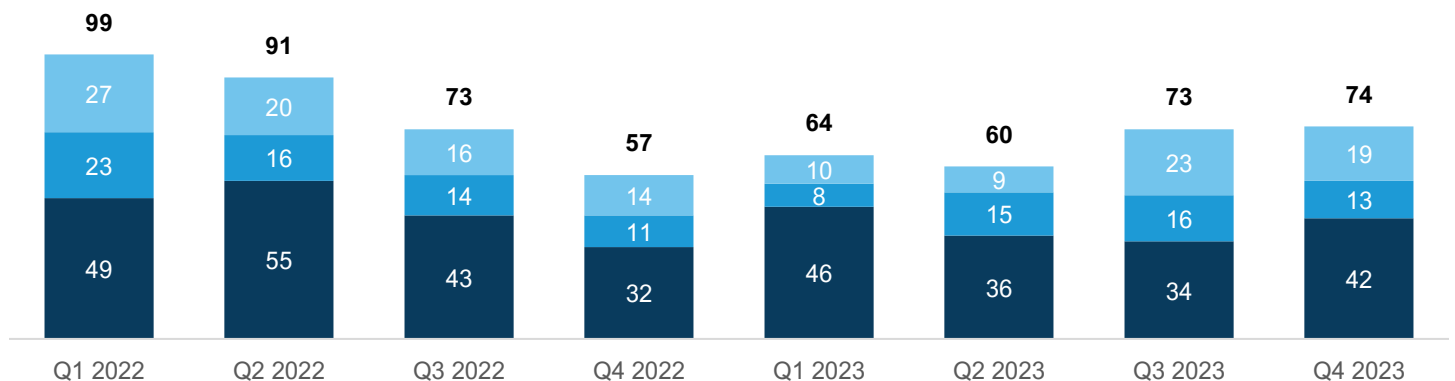
Overall ADGS deal volume remained steady in Q4 relative to Q3. Lower middle-market and middle-market deals once again accounted for the most volume. The share of middle-market deals increased sharply over the course of 2023, comprising 30% of deals in Q4, compared to just 13% in Q1.

M&A Activity by Buyer Type

Global Deal Activity (Including U.S.)



U.S. Deal Activity



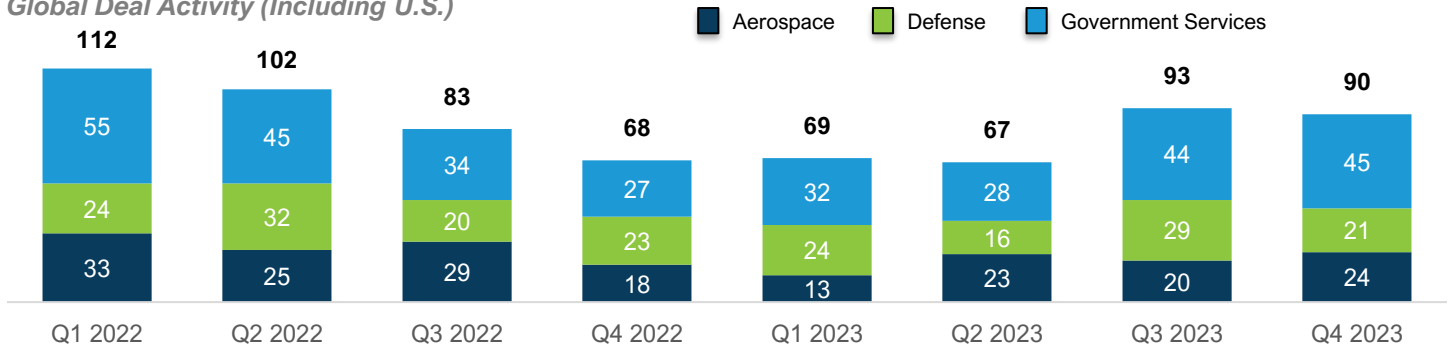
Globally, Q4 saw similar activity levels between private equity and strategic buyers, with private equity buyers accounting for 51% of transactions, and strategic buyers representing 49%. Q4 was largely in line with 2023 as a whole, with PE and strategic acquirors representing 53% and 47% of buyers respectively over the course of the full year. In the U.S., private equity buyers exhibited renewed appetite, accounting for 57% of deals in Q4 and suggesting growing comfort with the higher financing costs that had muted PE activity in Q2 and Q3.

Source: DACIS DM&A. Transaction size data reflects Stout estimates.

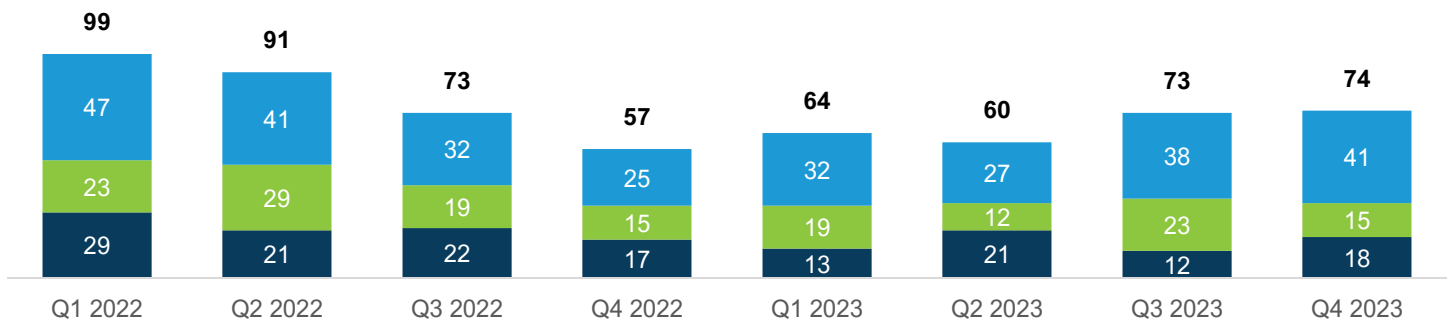
ADGS M&A Deal Volume Metrics

M&A Activity by Industry Sector

Global Deal Activity (Including U.S.)



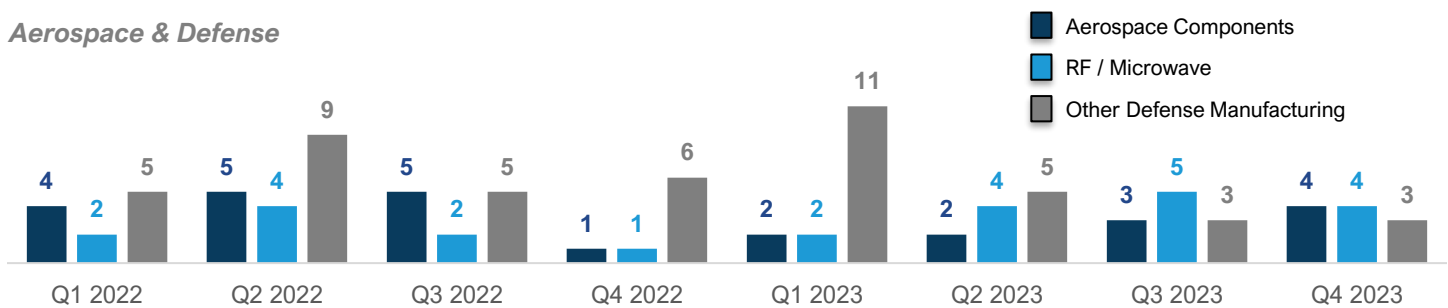
U.S. Deal Activity



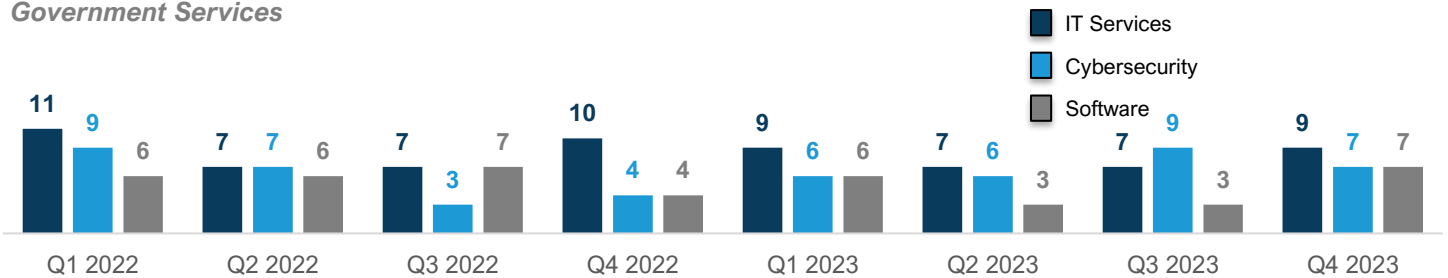
In Q4, the number of Defense deals fell 28% globally and 35% in the U.S. relative to Q3. Aerospace transactions made up much of the lost volume, increasing 20% globally and 50% in the U.S. QoQ. Globally, Q4 Government Services deal volumes were roughly flat relative to Q3, with U.S. deals up 8%.

Trends Across Select Subsectors

Aerospace & Defense



Government Services



Transactions involving aerospace components, RF/microwave technology, and other defense manufacturing accounted for the largest share of Aerospace and Defense transactions in Q4, and similarly represented the most active subsectors over the last eight quarters cumulatively. IT services, cybersecurity, and software were the most active Government Services subsectors, both in Q4 and cumulatively over the last eight quarters.

Source: DACIS DM&A

Selected Notable Transactions

	Target	Acquiror	Key Stats	Commentary
Aerospace	 Product Support Business		Announced: 12/21/2023 Status: Pending TEV: \$725M EV / FY24 EBITDA: 11.7x	<ul style="list-style-type: none"> Transaction meaningfully scales AAR's repair capabilities and is highly complementary to existing AAR portfolio
	 Commercial Aviation Solutions	THE JORDAN COMPANY	Announced: 12/21/2023 Status: Pending TEV: \$800 (incl. earn-out) EV / LTM EBITDA: 15.0x	<ul style="list-style-type: none"> Transaction furthers L3Harris' multi-year portfolio optimization strategy; L3Harris will use transaction proceeds to accelerate de-leveraging
	 APOLLO	APOLLO	Announced: 11/2/2023 Status: Pending TEV: ND EV / LTM EBITDA: ND	<ul style="list-style-type: none"> Apollo's capital will help support next phase of Modern Aviation's growth; transaction builds upon key themes of Apollo's infrastructure franchise, including energy transition, digital infrastructure, and support of the global supply chain
	 ARCLINE	ARCLINE INVESTMENT MANAGEMENT	Announced: 10/16/2023 Status: Pending TEV: ND EV / LTM EBITDA: ND	<ul style="list-style-type: none"> Hartzell's portfolio of flight-critical propeller and engine subsystems aligns with Arcline's strategic focus on investing in "Critical Suppliers to Critical Industries"
Defense	 NewMarket	NewMarket	Announced: 12/3/2023 Status: Completed TEV: \$700M EV / LTM EBITDA: ND	<ul style="list-style-type: none"> By acquiring a leading provider of additives used in solid rocket motors for launch and other defense applications, specialty chemicals manufacturer NewMarket deepens its exposure to mission-critical, resilient end markets
	 Electron Device Business	TRANSDIGM GROUP INC.	Announced: 11/9/2023 Status: Pending TEV: \$1,385M EV / LTM EBITDA: ND	<ul style="list-style-type: none"> TransDigm gains access to a portfolio of proprietary components with significant aftermarket content and a strong presence across major aerospace and defense platforms, aligning well with the company's long-term strategy
	 AMETEK	AMETEK	Announced: 10/31/2023 Status: Completed TEV: \$105M EV / LTM EBITDA: ND	<ul style="list-style-type: none"> Transaction significantly bolsters AMETEK's capability in amplifier design, broadening the company's suite of solutions for growth markets, including electric vehicle testing and defense communications
	 American Fan Business	FAIRBANKS MORSE DEFENSE	Announced: 10/26/2023 Status: Completed TEV: \$111M EV / LTM EBITDA: ND	<ul style="list-style-type: none"> Transaction solidifies FMD's position as an integrated supplier to the U.S. Navy and Coast Guard; expands FMD's portfolio to encompass products and services specified in 30 U.S. Navy shipbuilding programs
Government Services	 BAIN & COMPANY	BAIN & COMPANY	Announced: 11/6/2023 Status: Completed TEV: \$5,300M EV / LTM EBITDA: ND	<ul style="list-style-type: none"> Bain acquires a leading provider of management, technology, and risk consulting services with expertise in attractive growth industries; investment will allow Guidehouse to pursue next phase of growth
	 Cybersecurity, Intelligence, and Services	Blackstone (1)	Announced: 10/24/2023 Status: Completed TEV: \$1,300M EV / LTM EBITDA: ND	<ul style="list-style-type: none"> Transaction continues RTX Corp's portfolio shaping efforts following the proposed sale of its Actuation business to Safran (announced Q3); ownership by Blackstone will give CIS greater autonomy and flexibility
	 MDP	MDP	Announced: 11/29/2023 Status: Completed TEV: ND EV / LTM EBITDA: ND	<ul style="list-style-type: none"> T2S founders will retain a significant minority position; as a partner, MDP brings a track record of success in the gov tech sector and a long-standing history of partnering with the DoD, Special Operations, and IC
	 Critical Mission Solutions	amentum	Announced: 11/20/2023 Status: Pending TEV: \$6,764M EV / LTM EBITDA: 15.4x	<ul style="list-style-type: none"> Combination of Jacobs' CMS business with Amentum via RMT will create a pure-play, gov tech prime; Jacobs' shareholders will receive \$1B in cash and own 58.5-63% of the combined company

(1) RTX announced the sale of its Cybersecurity, Intelligence & Services business to an undisclosed private equity group in its Form 10-Q, filed October 24, 2023. Third party news sources have subsequently identified the acquiror as Blackstone. The definitive agreement was entered into on October 18.

Public Markets Performance

Company Name	Ticker	Share Price		Market Cap	Ent. Value	Revenue	EBITDA Margin	EV / Rev LTM	EV / EBITDA	
		12/29/23	% 52 High						LTM	NTM
Government Services										
Booz Allen Hamilton	BAH	\$127.91	97.4%	\$16,677	\$19,537	\$10,031	6.6%	1.9x	29.4x	16.6x
CACI International	CACI	323.86	90.1	7,215	8,877	6,947	10.3	1.3	12.4	11.1
ICF International	ICFI	134.09	92.2	2,524	3,070	1,961	9.6	1.6	16.3	14.0
Leidos Holdings	LDOS	108.24	97.2	14,884	18,876	15,155	10.4	1.2	12.0	11.4
Maximus	MMS	83.86	93.5	5,115	6,300	4,905	8.5	1.3	15.1	11.0
Parsons	PSN	62.71	97.0	6,737	7,434	5,052	7.3	1.5	20.1	15.1
SAIC	SAIC	124.32	91.4	6,487	8,439	7,675	9.1	1.1	12.1	12.3
V2X	VVX	46.44	81.8	1,450	2,535	3,901	6.8	0.6	9.5	8.4
Group Median			92.9%	\$6,612	\$7,937	\$5,999	8.8%	1.3x	13.7x	11.8x
Group Mean			92.6%	\$7,636	\$9,383	\$6,953	8.6%	1.3x	15.8x	12.5x
Diversified Engineering Services										
ABM Industries	ABM	\$44.83	84.5%	\$2,818	\$4,074	\$8,096	5.7%	0.5x	8.8x	8.2x
AECOM	ACM	92.43	98.3	12,569	13,666	14,379	6.7	1.0	14.1	12.5
Dycom Industries	DY	115.09	98.2	3,386	4,317	4,141	11.5	1.0	9.0	8.2
EMCOR Group	EME	215.43	94.7	10,135	9,716	12,094	7.3	0.8	11.0	10.1
Fluor Corporation	FLR	39.17	96.1	6,702	5,799	15,364	2.6	0.4	14.8	9.1
Jacobs	J	129.80	92.0	16,413	19,049	16,352	9.0	1.2	12.9	12.2
KBR	KBR	55.41	84.1	7,794	9,212	6,834	8.3	1.3	16.2	11.5
MasTec	MTZ	75.72	61.4	5,868	8,869	11,724	6.9	0.8	10.9	9.9
Serco Group	SRP	2.06	98.2	2,273	3,105	6,135	5.2	0.5	9.7	6.1
Tetra Tech	TTEK	166.93	96.3	8,908	9,618	3,751	12.8	2.6	20.0	17.5
Group Median			95.4%	\$7,248	\$9,041	\$9,910	7.1%	0.9x	12.0x	10.0x
Group Mean			90.4%	\$7,687	\$8,743	\$9,887	7.6%	1.0x	12.8x	10.5x
Aircraft and Engine OEMs										
Airbus	AIR	\$154.50	97.1%	\$121,931	\$118,522	\$66,897	11.0%	1.8x	16.1x	11.1x
Boeing	BA	260.66	97.4	157,803	196,715	75,756	3.8	2.6	68.5	32.6
Bombardier	BBD.B	40.29	71.5	3,864	9,236	7,639	10.7	1.2	11.3	6.9
Embraer	EMBR3	4.61	90.8	3,390	5,003	5,374	5.0	0.9	18.5	7.8
General Electric	GE	127.63	98.8	138,911	142,819	83,813	14.3	1.7	11.9	15.2
MTU Aero Engines	MTX	215.82	79.7	11,602	12,403	5,467	NM	2.3	NM	9.4
Rolls-Royce	RR.	3.82	95.7	31,923	35,696	19,625	11.1	1.8	16.4	11.7
Safran	SAF	176.26	94.5	74,04	74,481	24,157	18.6	3.1	16.6	13.3
Group Median			95.1%	\$52,982	\$55,088	\$21,891	11.0%	1.8x	16.4x	11.4x
Group Mean			90.7%	\$67,933	\$74,359	\$36,091	10.7%	1.9x	22.7x	13.5x
Aerostructures										
Albany International	AIN	\$98.22	85.1%	\$3,064	\$3,390	\$1,093	21.8%	3.1x	14.2x	12.4x
Hexcel	HXL	73.75	93.3	6,228	6,885	1,761	19.3	3.9	20.2	16.4
Senior	SNR	2.26	96.5	926	1,168	1,180	8.0	1.0	12.4	8.8
Spirit AeroSystems	SPR	31.78	82.4	3,687	7,192	5,555	NM	1.3	NM	7.5
Group Median			89.2%	\$3,376	\$5,137	\$1,470	19.3%	2.2x	14.2x	10.6x
Group Mean			89.3%	\$3,476	\$4,659	\$2,397	16.4%	2.3x	15.6x	11.3x

Note: \$ in millions, except share price; Enterprise Value ("EV") equals Market Value plus straight/convertible debt, preferred stock, minority interest, less cash and short-term investments

Source: S&P CapIQ as of 12/29/2023

Public Markets Performance (Continued)

Company Name	Ticker	Share Price		Market Cap	Ent. Value	Revenue	EBITDA Margin	EV / Rev LTM	EV / EBITDA	
		12/29/23	% 52 High						LTM	LTM
Aftermarket / MROs										
AAR Corp.	AIR	\$62.40	84.4%	\$2,208	\$2,417	\$2,170	8.7%	1.1x	12.8x	10.2x
HEICO Corp.	HEI	178.87	93.6	25,012	27,731	2,968	25.8	9.3	36.1	28.9
SIA Engineering Co.	S59	1.80	94.0	2,016	1,673	694	1.5	2.4	157.5	31.2
Singapore Technologies Engineering	S63	2.95	97.7	9,179	13,652	7,115	12.1	1.9	15.8	13.0
TransDigm Group	TDG	1,011.60	99.3	55,956	72,178	6,585	48.8	11.0	22.5	18.2
VSE	VSEC	64.61	97.2	1,017	1,458	1,078	10.1	1.4	13.5	10.9
Group Median			95.6%	\$5,693	\$8,035	\$2,569	11.1%	2.2x	19.1x	15.6x
Group Mean			94.4%	\$15,898	\$19,851	\$3,435	17.8%	4.5x	43.0x	18.7x
Aerospace Suppliers										
Astronics Corp.	ATRO	\$17.42	77.6%	\$592	\$757	\$652	1.5%	1.2x	80.0	9.2x
Crane Co.	CR	118.14	95.4	6,712	6,691	3,379	20.5	2.0	9.7	17.7
Ducommun	DCO	52.06	89.3	763	1,007	753	10.5	1.3	12.7	8.7
Héroux-Devtek	HRX	11.51	91.5	388	545	428	10.4	1.3	12.3	8.5
Howmet Aerospace	HWM	54.12	99.2	22,314	25,739	6,422	21.8	4.0	18.4	16.1
Kaman Corp.	KAMN	23.95	90.3	677	1,228	770	16.9	1.6	9.4	10.6
Lisi	FII	26.09	87.4	1,183	1,776	1,737	10.7	1.0	9.6	7.7
Moog	MOG.A	144.78	97.9	4,927	5,798	3,319	12.1	1.7	14.4	12.0
RBC Bearings	RBC	284.89	98.9	8,273	9,546	1,519	29.6	6.3	21.3	19.2
Triumph Group	TGI	16.58	96.0	1,274	2,764	1,403	13.7	2.0	14.3	11.3
Woodward	WWD	136.13	96.7	8,387	8,971	2,915	14.6	3.1	21.1	15.9
Group Median			95.4%	\$1,274	\$2,764	\$1,519	13.7%	1.7x	14.3x	11.3x
Group Mean			92.8%	\$5,045	\$5,893	\$2,118	14.7%	2.3x	20.3x	12.4x
Defense Primes										
BAE Systems	BA	\$14.15	98.4%	\$42,863	\$47,450	\$28,613	12.3%	1.7x	13.5x	10.9x
General Dynamics	GD	259.67	99.9	71,219	79,122	41,455	11.6	1.9	16.4	13.1
Lockheed Martin	LMT	453.24	89.2	112,448	126,286	67,688	15.2	1.9	12.3	12.9
L3Harris Technologies	LHX	210.62	96.0	40,080	53,217	18,657	14.9	2.9	19.1	13.5
Northrop Grumman	NOC	468.14	85.5	70,592	82,367	38,685	18.5	2.1	11.5	14.7
RTX Corporation	RTX	84.14	77.3	120,865	152,319	67,086	13.5	2.3	16.8	10.8
Group Median			92.6%	\$70,906	\$80,745	\$40,070	14.2%	2.0x	14.9x	13.0x
Group Mean			91.0%	\$76,345	\$90,127	\$43,697	14.3%	2.1x	14.9x	12.7x
Defense Electronics / C5ISR										
Elbit Systems	ESLT	\$213.26	89.3%	\$9,457	\$10,530	\$5,855	8.7%	1.8x	20.6x	17.3x
Hensoldt	5UH	26.97	65.0	3,115	3,776	1,845	13.5	2.0	15.1	9.4
Kratos Defense & Security Solutions	KTOS	20.29	94.7	2,616	2,884	1,013	5.6	2.8	51.0x	30.2
Mercury Systems	MRCY	36.57	61.8	2,168	2,656	927	6.9	2.9	41.8	15.6
QinetiQ Group	QQ.	3.94	80.8	2,267	2,621	2,185	11.8	1.2	10.2	6.8
Teledyne Technologies	TDY	446.29	99.5	21,351	24,091	5,629	24.4	4.3	17.5	16.6
Thales	HO	148.06	91.9	30,867	31,957	19,682	12.7	1.6	12.7	9.5
Group Median			89.3%	\$3,115	\$3,777	\$2,185	11.8%	2.0x	17.5x	15.6x
Group Mean			83.3%	\$10,263	\$11,216	\$5,305	12.0%	2.4x	24.1x	15.1x

Note: \$ in millions, except share price; Enterprise Value ("EV") equals Market Value plus straight/convertible debt, preferred stock, minority interest, less cash and short-term investments

Source: S&P CapIQ as of 12/29/2023

Public Markets Performance (Continued)

Company Name	Ticker	Share Price		Market Cap	Ent. Value	Revenue	EBITDA Margin	EV / Rev LTM	EV / EBITDA	
		12/29/23	% 52 High						LTM	NTM
Other Defense										
AeroVironment	AVAV	\$126.04	87.5%	\$3,530	\$3,508	\$654	19.4%	5.4x	27.6x	31.0x
Chemring Group	CHG	4.46	97.6	1,234	1,251	573	19.0	2.2	11.5	10.5
Cohort	CHRT	7.08	97.9	287	283	242	11.9	1.2	9.8	8.8
Curtiss-Wright Corp.	CW	222.79	99.1	8,520	9,422	2,817	22.1	3.3	15.1	14.6
Honeywell	HON	209.71	96.5	139,029	151,932	36,408	23.9	4.2	17.4	15.4
Huntington Ingalls Industries	HII	259.64	99.9	10,314	12,673	11,089	9.7	1.1	11.7	11.6
Kongsberg Gruppen	KOG	45.90	93.3	8,073	8,506	3,575	13.4	2.4	17.7	13.8
Leonardo	LDO	16.51	99.2	9,497	14,336	15,945	9.4	0.9	9.6	6.6
Leonardo DRS	DRS	20.04	95.7	5,307	5,743	2,720	NM	2.1	NM	15.3
Rheinmetall	RHM	317.23	97.3	13,762	16,113	7,344	14.4	2.2	15.3	9.3
Saab	SAAB B	60.24	91.1	8,017	7,921	4,529	10.7	1.7	16.3	10.9
Textron	TXT	80.42	98.8	15,962	17,822	13,427	11.8	1.3	11.3	10.2
Group Median			97.4%	\$8,297	\$8,964	\$4,052	13.4%	2.1x	15.1x	11.2x
Group Mean			96.2%	\$18,628	\$20,792	\$8,277	15.1%	2.3x	14.8x	13.2x
Space										
Astra Space	ASTR	\$2.28	20.5%	\$51	\$39	\$1	NM	40.4x	NM	NM
Blacksky Technologies	BKSY	1.40	59.2	200	230	78	NM	2.9	NM	20.8
Intuitive Machines	LUNR	2.56	1.9	54	319	87	NM	3.7	NM	NM
Momentus	MNTS	1.73	2.2	11	7	2	NM	3.4	NM	NM
Planet Labs	PL	2.47	47.7	710	396	215	NM	1.8	NM	NM
Redwire Corp.	RDW	2.85	62.2	185	343	234	NM	1.5	NM	22.2
Rocket Lab	RKLB	5.53	68.7	2,746	2,578	236	NM	10.9	NM	NM
Satelllogic	SATL	1.75	41.2	159	128	6	NM	21.9	NM	NM
Spire Global	SPIR	7.82	71.9	163	231	100	NM	2.3	NM	31.8
Terran Orbital	LLAP	1.14	33.0	222	359	136	NM	2.6	NM	NM
Group Median			44.4%	\$174	\$275	\$94	NM	3.1x	NM	22.2x
Group Mean			40.8%	\$450	\$463	\$110	NM	9.1x	NM	24.9x
Overall Median			93.4%	\$6,358	\$7,313	\$4,335	11.1%	1.8x	14.8x	11.7x
Overall Mean			85.4%	\$19,563	\$22,358	\$10,932	12.7%	3.0x	19.8x	13.6x

Note: \$ in millions, except share price; Enterprise Value ("EV") equals Market Value plus straight/convertible debt, preferred stock, minority interest, less cash and short-term investments

Source: S&P CapIQ as of 12/29/2023

Stout ADGS Investment Banking Team

ABOUT

For more than 30 years, Stout has exclusively focused on serving the unique M&A transaction advisory needs of middle-market clients. Our firm is a trusted advisor to leading organizations due to our deep industry knowledge, senior-level attention, process expertise, and relentless focus on delivering unparalleled results.

The Stout Aerospace, Defense, & Government Services team has deep experience and expertise across numerous industry subsectors, processes, and end markets.

FOCUS AREAS

- Advanced Materials
- Batteries & Power Systems
- C5ISR and Cybersecurity
- Cloud Computing & Cloud Migration
- Defense Manufacturing
- Engineered Systems & Components
- Healthcare IT
- High Frequency Electronics
- Intelligence Community Support
- Interiors
- IT Software and Consulting
- Management Consulting
- Missiles & Hypersonics
- MRO
- Sensors, Optics, and Photonics
- Soldier Systems and Defense Products
- Space & Satellite Systems
- Technical and Professional Services
- Tooling & Ground Support Equipment
- Training Services
- Unmanned Systems
- Weapons & Ordnance

SELECT TRANSACTIONS



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SELL-SIDE ADVISOR




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Employee Stock Ownership Plan


SELL-SIDE ADVISOR



has been acquired by



a portfolio company of




SELL-SIDE ADVISOR



has acquired

Certain Assets Supporting an IC Contract

BUY-SIDE ADVISOR




has been acquired by

Employee Stock Ownership Plan

SELL-SIDE ADVISOR



has been acquired by



SELL-SIDE ADVISOR

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