



Deal dynamics

M&A Activity in the Aerospace and Defence Sector

June 2018

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Valuation of publicly-listed A&D companies (ranked by Enterprise Value in US dollars)

Company	Country	Capitalization		LTM Multiples				NTM Multiples			
		Market Cap.	Enterprise Value	EV / Revenue	EV / EBITDA	EV / EBIT	P / E	EV / Revenue	EV / EBITDA	EV / EBIT	P / E
Aerospace and Defense Companies											
The Boeing Company	US	209,782	209,919	2.2x	16.4x	19.6x	23.1x	2.1x	15.0x	17.5x	23.2x
United Technologies Corporation	US	101,632	123,405	2.0x	11.9x	15.1x	22.8x	1.9x	11.3x	14.1x	17.2x
Honeywell International Inc.	US	112,532	120,723	2.9x	14.3x	16.5x	NM	2.8x	12.6x	14.2x	18.1x
Lockheed Martin Corporation	US	91,598	103,499	2.0x	15.1x	17.9x	NM	2.0x	12.4x	14.7x	19.1x
Airbus SE	US	87,661	87,710	1.1x	15.6x	NM	25.9x	1.2x	9.6x	13.7x	20.4x
General Dynamics Corporation	US	61,819	63,966	2.1x	14.0x	15.5x	21.0x	1.7x	12.2x	13.9x	17.9x
Northrop Grumman Corporation	US	57,883	62,774	2.4x	16.0x	18.3x	27.5x	2.3x	15.8x	18.6x	20.3x
Safran SA	France	51,312	49,457	2.4x	11.7x	15.1x	8.9x	2.1x	11.5x	15.2x	22.3x
Dassault Systèmes SE	France	34,385	32,114	8.1x	NM	NM	NM	8.0x	NM	NM	NM
Rockwell Collins, Inc.	US	22,680	29,385	3.5x	16.3x	NM	25.0x	3.3x	13.7x	17.3x	16.5x
BAE Systems plc	UK	27,313	28,570	1.2x	11.2x	13.3x	23.7x	1.2x	9.7x	11.0x	15.2x
TransDigm Group Incorporated	US	17,517	28,242	7.8x	16.6x	18.0x	21.0x	7.1x	14.5x	16.3x	19.6x
Rolls-Royce Holdings plc	UL	20,749	21,486	1.0x	9.1x	13.7x	3.6x	1.1x	10.4x	NM	NM
Textron Inc.	US	17,042	19,453	1.4x	12.6x	17.7x	NM	1.3x	12.0x	16.1x	21.4x
Bombardier Inc.	Canada	8,272	16,638	1.0x	NM	NM	NM	0.9x	12.3x	16.6x	NM
Spirit AeroSystems Holdings, Inc.	US	9,860	10,561	1.5x	14.4x	19.8x	29.1x	1.4x	8.8x	10.9x	13.5x
Leonardo S.p.a.	Italy	5,870	10,539	0.7x	7.3x	11.2x	17.5x	0.8x	5.4x	8.2x	11.5x
Hexcel Corporation	US	6,376	7,166	3.5x	15.4x	NM	22.7x	3.2x	13.1x	17.7x	22.6x
CAE Inc.	Canada	5,521	6,065	2.8x	14.7x	NM	20.5x	2.6x	11.2x	15.9x	21.5x
Embraer S.A.	Brazil	4,532	6,028	1.1x	11.8x	17.1x	25.5x	1.0x	9.2x	17.4x	21.9x
Maxar Technologies Ltd.	US	2,694	5,808	3.2x	13.7x	NM	21.2x	2.6x	8.1x	NM	10.7x
Barnes Group Inc.	US	3,132	3,548	2.4x	11.7x	16.8x	NM	2.3x	10.6x	14.7x	18.6x
Triumph Group, Inc.	US	1,121	2,524	0.8x	10.0x	11.4x	NM	0.8x	9.6x	NM	12.1x
Magellan Aerospace Corporation	Canada	778	833	1.1x	7.2x	9.5x	11.3x	1.1x	6.7x	9.4x	11.9x
Héroux-Devtek Inc.	Canada	445	474	1.6x	10.7x	NM	NM	1.2x	8.2x	15.1x	22.1x
Valuation Multiples Summary											
Minimum				0.7x	7.2x	9.5x	3.6x	0.8x	5.4x	8.2x	10.7x
Median				2.0x	13.7x	16.5x	22.7x	1.9x	11.3x	15.1x	18.9x
Average				2.4x	12.9x	15.7x	20.6x	2.2x	11.0x	14.7x	18.1x
Maximum				8.1x	16.6x	19.8x	29.1x	8.0x	15.8x	18.6x	23.2x
Lower quartile				1.1x	11.5x	13.7x		1.2x	9.5x	13.9x	15.5x
Upper quartile				2.8x	15.3x	17.9x		2.6x	12.5x	16.6x	21.5x
Valuation Multiples as at May 28, 2018											
Minimum				0.7x	5.7x	6.4x	9.9x	0.8x	4.9x	7.4x	6.3x
Median				2.1x	12.7x	16.8x	21.8x	2.0x	12.3x	16.7x	20.7x
Average				2.7x	12.9x	15.8x	20.8x	2.5x	11.9x	15.0x	20.4x
Maximum				9.6x	18.1x	19.9x	29.7x	8.5x	18.0x	19.1x	28.0x
Lower quartile				1.2x	12.0x	14.9x		1.1x	9.6x	11.7x	17.6x
Upper quartile				3.0x	15.9x	18.6x		2.8x	14.4x	17.9x	24.8x

Source: Capital IQ as at May 28, 2018

Precedent Transactions Featuring Acquirers and Targets (USD millions) over 3 Years

Target	Acquirer	Country of Target	Country of Seller	Country of Buyer	Status	Announce Date	Closed Date	Percent Acquired	Implied EV	Valuation Multiples	
										EV / LTM Sales	EV / LTM EBITDA
2018: Closed & Announced M&A Transactions											
Domo Tactical Comms. Tagging & Tracking Division	metOcean telematics	UK	UK	Canada	Closed	05/09/18	05/09/18	100.0%	NA	NA	NA
SkySquirrel Technologies	VineView SAI	Canada	Canada	US	Closed	01/11/18	01/11/18	100.0%	NA	NA	NA
Discovery Air Defence Services	Clairvest	Canada	Canada	Canada	Announced	03/21/18	NA	9.7%	165.7	NA	NA
Beaver A&D	Héroux-Devtek	US	US	Canada	Announced	02/27/18	NA	100.0%	23.5	0.8X	NA
Bearpaw Line	Aero Design	Canada	Canada	Canada	Announced	02/27/18	NA	100.0%	NA	NA	NA
Anodyne Electronics Manufacturing	Structural Monitoring Systems	Canada	NA	Australia	Announced	11/08/17	NA	100.0%	7.9	NA	NA
C Series Aircraft LP	Airbus	Canada	Canada	Netherlands	Announced	10/16/17	NA	50.0%	NA	NA	NA
Sistemas Aeronáuticos	Héroux-Devtek	Spain	Spain	Canada	Announced	10/02/17	NA	100.0%	164.3	NA	NA
Stratocom Solutions	Carl Data Solutions	Canada	NA	Canada	Announced	09/19/16	NA	51.0%	2.7	NA	NA
Aircraft Appliances And Equipment Limited	Aeronautical & GI Holdings	Canada	NA	UK	Announced	08/18/16	NA	100.0%	NA	NA	NA
World Defense Holdings	Applied Inventions Management Corp.	Canada	NA	Canada	Announced	05/13/16	NA	100.0%	0.8	NA	NA
Avmax Group	Sunward Intelligent Equipment Co.	Canada	Canada	China	Announced	10/13/15	NA	100.0%	NA	NA	NA
2017: Closed M&A Transactions											
Discovery Air Defence	NA	Canada	Canada	NA	Closed	12/22/17	12/22/17	0.0%	NA	NA	NA
Vector Aerospace	DAE Aviation Holdings	Canada	Netherlands	US	Closed	07/07/17	11/03/17	100.0%	NA	NA	NA
SkyTrac Systems	ACR Electronics	Canada	Canada	US	Closed	10/17/17	10/24/17	100.0%	NA	NA	NA
Misc. Aircraft Facilities	AAR Corp.	Canada	Canada	US	Closed	09/19/17	09/19/17	100.0%	25.7	NA	NA
NOV Aerial Robotics	Global UAV Technologies	Canada	NA	Canada	Closed	05/25/17	08/09/17	100.0%	0.5	NA	NA
ECN Capital	Stellwagen Group	United States	Canada	Ireland	Closed	05/11/17	06/01/17	100.0%	25.8	NA	NA
WG Technologies	1096777 B.C. Ltd.	Canada	Canada	Canada	Closed	11/28/16	01/24/17	100.0%	9.7	1.3X	5.9X
2016: Closed M&A Transactions											
Pacific Safety Products	Med-Eng Holdings	Canada	Canada	Canada	Closed	11/10/16	12/22/16	100.0%	11.6	0.8X	NM
Diamond Aircraft Industries	Wanfeng Aviation	Canada	NA	Canada	Closed	12/16/16	12/13/16	60.0%	NA	NA	NA
TrueNorth Avionics	Satcom Direct	Canada	NA	US	Closed	10/30/16	12/06/16	100.0%	NA	NA	NA
Lorenz	Celestica	US	NA	Canada	Closed	10/21/16	11/22/16	100.0%	14.9	NA	NA
Clear Mountain Resources	Patriot One Technologies	Canada	NA	Canada	Closed	08/12/16	11/09/16	100.0%	NA	NA	NA
Bombardier, Amphibious Aircraft Program	Viking Air	Canada	Canada	Canada	Closed	06/20/16	10/03/16	100.0%	NA	NA	NA
Vac-Aero Poland	MB Aerospace	Poland	Canada	UK	Closed	07/11/16	07/11/16	100.0%	NA	NA	NA
Avyon Canada	Microdrones GmbH	Canada	NA	Germany	Closed	05/02/16	05/02/16	100.0%	NA	NA	NA
Lockheed Martin Commercial Flight Training	CAE	Netherlands	United States	Canada	Closed	02/22/16	05/02/16	100.0%	18.7	NA	NA
Airco Industries	FTG Aerospace	US	US	Canada	Closed	03/21/16	03/18/16	100.0%	2.7	0.4X	NA
SAMAircraft	Zenith Aircraft & Zenair	Canada	NA	Canada	Closed	01/18/16	01/18/16	100.0%	NA	NA	NA
Discovery Air Technical Services	Premier Aviation Overhaul Center	Canada	Canada	Canada	Closed	06/22/15	01/08/16	100.0%	NA	NA	NA
2015: Closed M&A Transactions											
HITCO Carbon Composites, Aerostructures Business	Avcorp Industries	US	US	Canada	Closed	07/20/15	12/18/15	100.0%	NA	NA	NA
Sikorsky	Lockheed Martin	US	Canada et al.	US	Closed	07/20/15	11/06/15	100.0%	9,077.0	1.4X	14.9X
Noranco	Precision Castparts Corp.	Canada	Canada et al.	US	Closed	07/27/15	10/30/15	100.0%	560.0	NA	NA
Avianor, Wheel & Brake Division	Aero 3	Canada	Canada	US	Closed	10/09/15	10/09/15	100.0%	NA	NA	NA
Bombardier, Military Aviation Training	CAE	Canada	Canada	Canada	Closed	01/26/15	09/30/15	100.0%	15.9	NA	NA
Hestia B.V.	Garda World Security Corporation	Netherlands	NA	Canada	Closed	07/13/15	09/17/15	100.0%	NA	NA	NA
Customs Products & CP-Aero Services	PELLFAB Ltd.	US	NA	Canada	Closed	09/01/15	09/01/15	100.0%	NA	NA	NA
Draganfly Innovations	Trace Live Network	Canada	NA	US	Closed	07/23/15	07/23/15	100.0%	NA	NA	NA
Deimos & DOT Imaging	UrtheCast International	Spain	Spain	Canada	Closed	06/22/15	07/15/15	100.0%	84.5	NA	NA
Federal Resources Supply Company	Alaris Royalty	US	US	Canada	Closed	07/01/15	07/01/15	100.0%	NA	NA	NA
BLS Textiles	DEW Engineering and Development	Canada	NA	Canada	Closed	06/08/15	06/08/15	100.0%	NA	NA	NA
Tecnickrome Aeronautique	SPP Canada Aircraft	Canada	NA	Canada	Closed	06/05/15	06/05/15	100.0%	NA	NA	NA
Euravia Engineering & Supply Co.	Magellan Aerospace	UK	NA	Canada	Closed	05/15/15	05/15/15	100.0%	47.0	2.2X	NA

Source: Capial IQ as at May 28, 2018

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