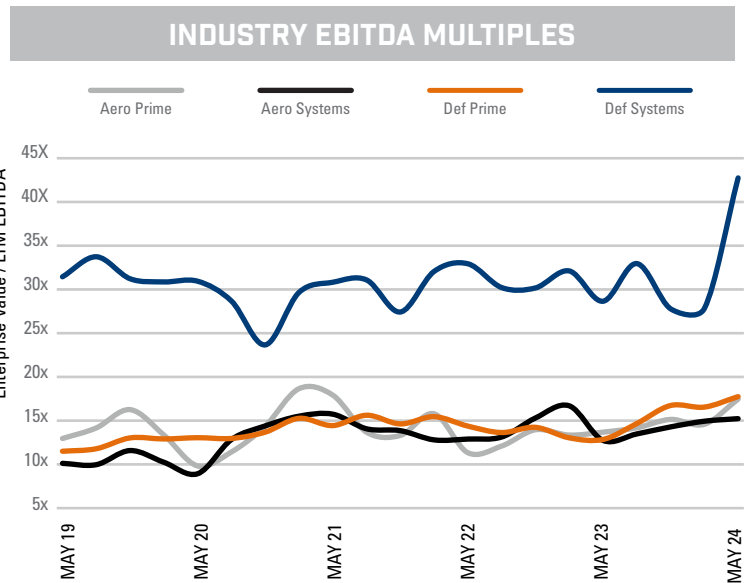
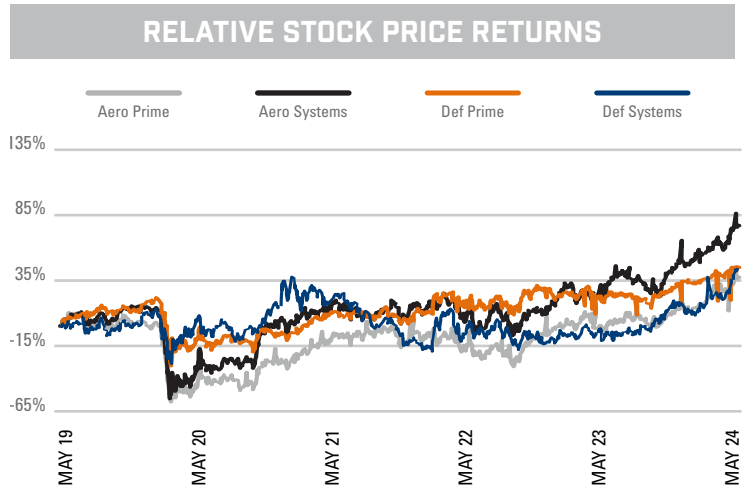


- The commercial aerospace sector continues to recover from the pandemic, with travel demand expected to surpass pre-pandemic levels. The number of travelers globally is set to hit historic levels, with 4.7 billion people expected to travel in 2024 compared with 4.5 billion in 2019. The recovery has driven increased orders for new aircraft and related services. However, aircraft deliveries have dropped sharply due to production headwinds.
- Global demand for the industry’s products and services remains strong, with growth being fueled by strong defense budgets reflective of security initiatives in Ukraine, Israel, and the Indo-Pacific region. In addition, the GFY’25 defense budget is expected to focus on modernizing military capabilities, including investments in advanced technologies such as unmanned systems, hypersonics, and cyber defenses.
- Supply chain issues and disruptions have continued to improve relative to early 2023 and 2022. However, delays do remain regarding certain items, such as unique semiconductor components. Talent acquisition and workforce retention has also improved in the last few quarters. Companies remain focused on hiring, training and retaining employees.

VALUATIONS



Index Constituents

Aerospace Prime/Large: AIR, BA, BBD.B, CAE, DSY, EMBR3, GD, RR, SAF, TXT, RTX;

Aerospace Systems: AIR, ATRO, B, BBA, CW, HEI, MAL, MOG A, MTX, PH, SPR, HO, TDG, TGI, ULE, WCC, WWD;

Defense Primes/Large: BAE, BA, GD, HON, LHX, LMT, NOC, RTX;

Defense Systems: AVAV, COB, HII, KTOS, MRCY.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

DEC
15

HawkEye 360 completed its acquisition of Maxar Technologies' RF Solutions business unit for an undisclosed sum. The RF business unit was formed after Maxar Technologies acquired Aurora Insight in February 2022, a company that provides data analytics on the spectrum and wireless networks. As a result of the acquisition, HawkEye 360 will add two RF satellites to its constellation, bringing the constellation to a total of 23 satellites.

DEC
21

AAR Corp. (NYSE: AIR) entered into a definitive agreement with Triumph Group (NYSE: TGI) to purchase Triumph Product Support for \$725 million. The Triumph Product Support business provides services to both commercial and military aftermarkets across five primary locations with a highly skilled workforce of over 700 employees. The effective purchase price multiple, inclusive of estimated tax benefits, is expected to be 11.7x FY2024 EBITDA and 9.9x including estimated run-rate synergies of \$10 million.

JAN
3

Crane Company (NYSE: CR) has acquired Vian Enterprises for approximately \$103 million, or approximately 12.9x TTM EBITDA. Vian Enterprises designs and manufactures multi-stage lubrication pumps and lubrication system components technology for critical aerospace and defense applications. As of August 2023, Vian has TTM sales of ~\$33 million and adjusted EBITDA of ~\$8 million, with a backlog exceeding \$100 million.

JAN
4

Arlington Capital Partners announced the formation of Kinetic Engine Systems, a new platform focused on the manufacturing of precision aerospace and defense engine components. Kinetic was formed through a combination of the existing assets of Arlington's portfolio company, Cadence Aerospace, and the newly completed acquisitions of Walbar Engine Components, Numet Machining Techniques, LLC, and AeroCision, LLC. The newly formed entity creates a balanced portfolio across customers, next generation platforms, end-markets, and product types.

JAN
19

Arcline Investment Management entered into a definitive agreement to acquire Kaman Corporation (NYSE: KAMN) in an all-cash transaction with a total enterprise value of approximately \$1.8 billion, or 17.1x LTM EBITDA. Kaman Corporation conducts business in the aerospace and defense, medical and industrial markets. Arcline's acquisition of Kaman is expected to drive further growth through accelerated investments in both new product development and strategic acquisitions.

JAN
25

Arlington Capital Partners announced the acquisitions of Merrill Technologies Group and Metal Trades, which further led to the formation of Keel, a manufacturer of complex structures for programs within the Navy, Army, and Air Force. Arlington Capital Partners combined the capabilities of its existing portfolio company, Pegasus Steel, with the newly acquired companies, to deliver a robust set of capabilities to meet the growing demands of the nuclear Navy and critical programs within the broader DoD, industrial, and commercial end markets.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

JAN
29

Arlington Capital Partners announced the formation of Verus Aerospace, a leading supplier of large and highly complex aerostructure components for mission-critical applications within the aerospace, defense, and space industries. The newly formed platform consists of existing Arlington-backed companies Perfekta, Precision Machine Works, Arden Engineering, Premier Processing and Quality Forming. The combined company will allow Verus to serve its customers through cost advantages and support throughout the entire product lifecycle.

JAN
30

Amphenol Corporation (NYSE: APH) announced its acquisition of the Carlisle Interconnect Technologies ("CIT") business of Carlisle Companies Incorporated (NYSE: CSL) for \$2.025 billion, or approximately 11.3x 2024 EBITDA. CIT is a leading global supplier of harsh environment interconnect solutions primarily to the commercial air, defense and industrial end markets, and is expected to have 2024 sales and adjusted EBITDA margin of approximately \$900 million and 20%, respectively. The company's wide range of products including wire and cable, cable assemblies, contacts, connectors and sensors are highly complementary to Amphenol's existing interconnect and sensor solutions.

FEB
3

BAE Systems plc (LSE: BA.) acquired Malloy Aeronautics Ltd. for £60 million. Malloy Aeronautics designs and supplies all-electric uncrewed aerial systems (UAS) to both civil and military customers.

FEB
29

VSE Corporation (NASDAQ: VSEC) entered into a definitive agreement to acquire Turbine Controls Inc. for a total consideration of approximately \$120 million. Turbine Controls Inc. is a leading provider of aftermarket MRO support services for complex engine components, as well as engine and airframe accessories across commercial and military applications. As a result of the acquisition, VSE expects to enhance its Aviation OEM authorized repair capabilities and further increase its competency in the high-growth aviation MRO market.

MAR
14

J.F. Lehman & Company completed the acquisition of Mission Microwave Technologies, LLC ("Mission Microwave"), a leading provider of solid-state power amplifiers and block upconverters for satellite communications. The company's X, Ku and Ka Band units support critical ground-based, airborne, maritime and space-based applications for government and commercial customers.

MAR
26

Fairbanks Morse Defense ("FMD") (Arcline Investment Management) acquired AMMCON Corp., a provider of critical fittings and other products used on the Virginia and Columbia Class submarine programs, as well as the Ford Class aircraft carrier program. The add-on acquisition enables AMMCON to expand its products to additional platforms and customers across the U.S. Navy, USCG, and Military Sealift Command. This acquisition marks FMD's eleventh acquisition since December 2020 to serve the maritime defense industry with turnkey solutions.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

MAR
28

Chesapeake Technology International (Bluestone Investment Partners) acquired Asymmetric Technologies, a support services provider that specializes in the development of open-source technology tailored to mission-specific needs. Asymmetric is a preferred vendor to support edge communication and situational awareness programs across the DoD and National Security landscape.

APR
5



Kanders & Company entered into a definitive agreement to acquire certain antenna and test equipment businesses of L3Harris Technologies for approximately \$200 million. The divested businesses are part of L3Harris' Space & Airborne Systems ("SAS") segment. The SAS segment provides capabilities in the design, development, integration, production, and sustainment of major weapons systems for the Space Systems, Intel & Cyber, Mission Avionics, Mission Networks, and ACS business sectors. The acquired businesses will operate under Kanders newly formed platform, Fisica, Inc., which will be well positioned as a critical partner for the DoD.

MAY
28



TransDigm Group Incorporated (NYSE: TDG), entered into a definitive agreement to acquire Raptor Labs Holdco, LLC ("Raptor Scientific" or "the Company") for approximately \$655 million in cash, including certain tax benefit. Raptor Scientific is a leading global manufacturer of complex test and measurement solutions primarily serving the aerospace and defense end markets. The Company's products are highly engineered, proprietary components with significant aftermarket content and a strong presence across major aerospace and defense platforms.

Cerberus Capital Management announced that it has acquired a controlling interest in M1 Support Services ("M1"). M1 is a premier provider of aircraft Maintenance, Repair, and Overhaul (MRO), modification, flight training, logistics support, and supply chain management services to the U.S. Government for critical military aircraft and aviation programs.



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