

January 2023 Market Report

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Technology, Growth Companies and the DoD in the 757

March 2, 2023; 11:30am - 1:30pm
Town Point Club | Norfolk, VA



Please join us in Norfolk, VA on March 2nd!

Keynote: Congressman Robert J. Wittman,
Vice Chairman, House Armed
Services Committee

Hosted by:

ACG[®] 757 Network



**PLEASE SEE ADDITIONAL INSIGHTS ON THE SATELLITE &
SPACE INDUSTRY IN THE [JANUARY 2023 MARKET MONITOR](#)
FROM OUR PARTNERS AT QUILTY ANALYTICS.**

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What We're Reading:



STRATEGY & POLICY

- ✓ [US Defense Industry Unprepared for a China Fight, Says Report](#)
"While it takes...two years to make LRASMs, the think tank projects a Taiwan conflict would drain U.S. military supplies within a week."
- ✓ [China Undergoing 'Build-Up in Every Warfare Area,' Says ONI Commander](#)
"The stakes have gone up"
- ✓ [Op-Ed: US Facing Huge Military Recruiting Crisis](#)
"The DOD says only 29% of Americans qualify for service."



TRENDS IN TECHNOLOGY

- ✓ [DOD Modernization Relies of Rapidly Leveraging Commercial Technology](#)
"To gain and maintain operational advantage over competitors, the DOD requires an order of magnitude increase in its adoption of commercial technologies."
- ✓ [National Security & Defense Market](#)
"Whether you are a startup founder, venture capitalist, or defense industry operator, this market map will provide a clear view of the ecosystem today."
- ✓ [Why Military Leaders Need to Rethink Battlefield Intelligence in a Smartphone Era](#)
"Ukraine is using data derived from Russian smartphones to target missile strikes."



CONTRACTING, PROCUREMENT & BUDGET

- ✓ [How the Defense Industry Became a Defining Feature of the US Economy](#)
"...defense contracts awarded to the private sector are worth an amount equivalent to a quarter of the entire Russian economy."
- ✓ [ViaSat Sees Marines SATCOM-as-a-Service Buy as a Harbinger of Change](#)
"Commercial providers have long urged DoD and the services to move from buying bandwidth in fits and starts...to service-style contracts that resemble a civilian's average mobile phone or TV/Internet plan."
- ✓ [The German Problem...Is Our Problem](#)
"Large budgets can hide a lot of problems from bad leadership and worse ideas."



CAPITAL MARKETS

- ✓ [How M&A in 2023 Started in the Year's First Week](#)
"...two of which involve drone technology."
- ✓ [Five Reasons An L3Harris Merger With Aerojet Will Not Face The Obstacles Lockheed Martin's Bid Did](#)
"...without strong financial backing, Aerojet's ability to exploit new opportunities would be limited."
- ✓ [Mercury Systems Announces CFO Exit, Strategic Review](#)
"...activist investor Jana Partners had said that it would push Mercury to consider options..."

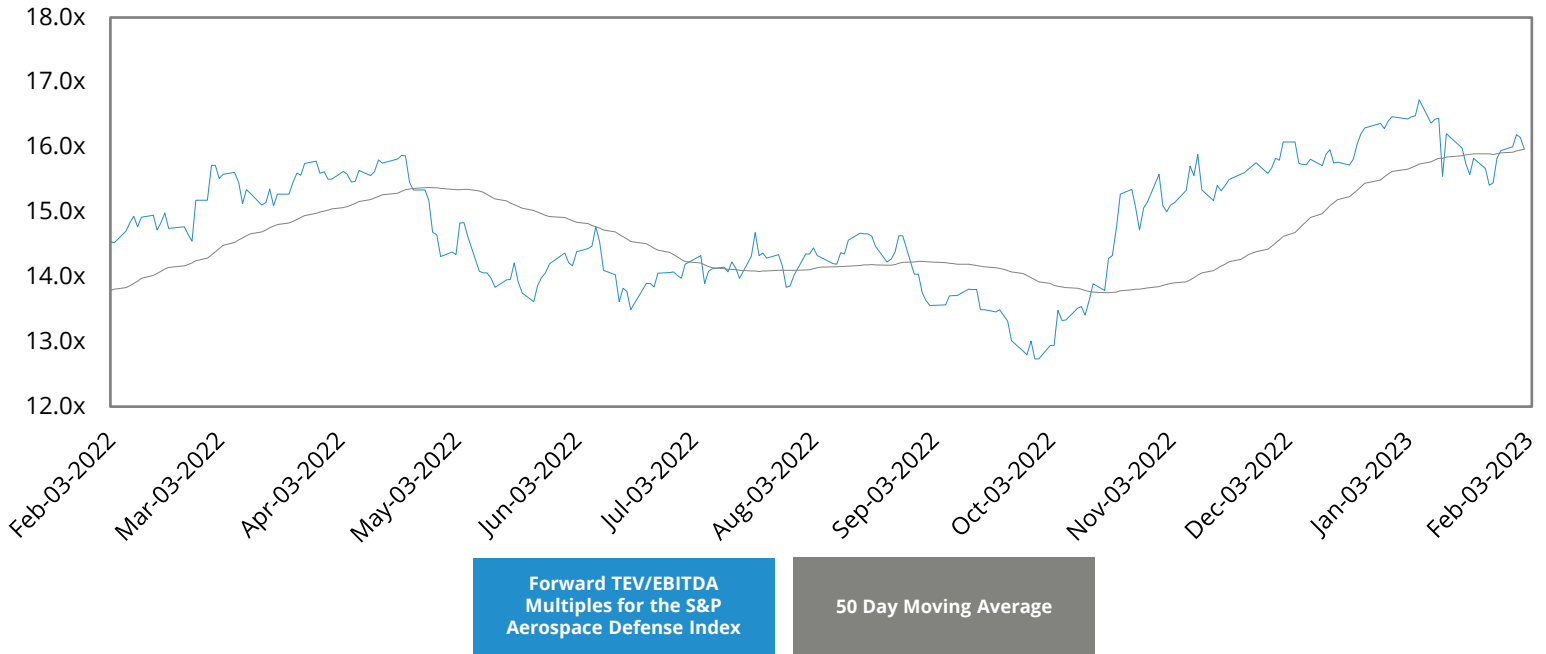


AVIATORS & WARFIGHTERS

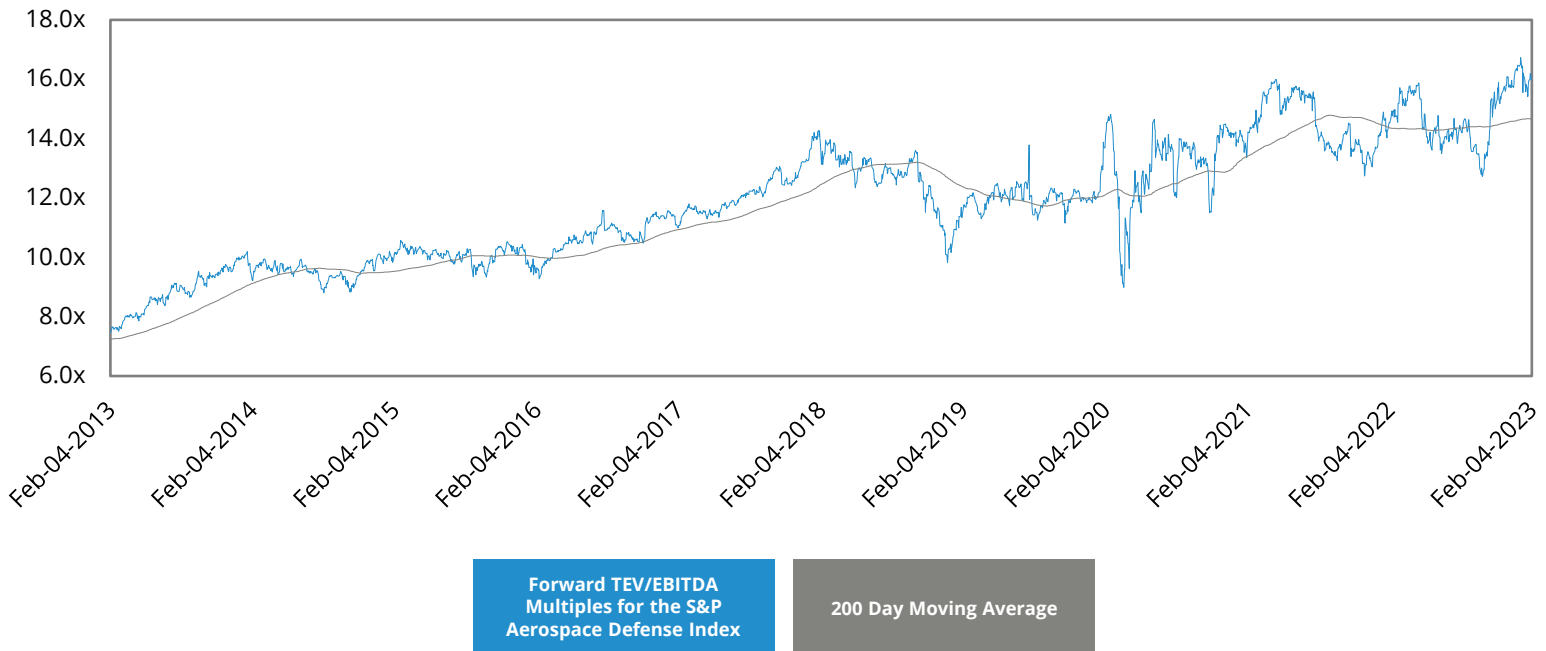
- ✓ [CDR John "Bug" Roach: A Legendary Fighter Pilot And Probably The Greatest LSO Ever](#)
"...may be the last Paddles known for his individual skill and personality."
- ✓ [Winning Like a Roman](#)
"...the three elements of power seen in Roman history: secure 'economic foundations,' 'a military force second to none,' and 'an inexhaustible supply of soldiers.'"
- ✓ [Navy Pilot Who Secretly Killed Four MIGs on One Mission Finally Recognized](#)
"Two against seven."

Valuation Trends:

1-Yr Historical EBITDA Multiples*



10-Yr Historical EBITDA Multiples*



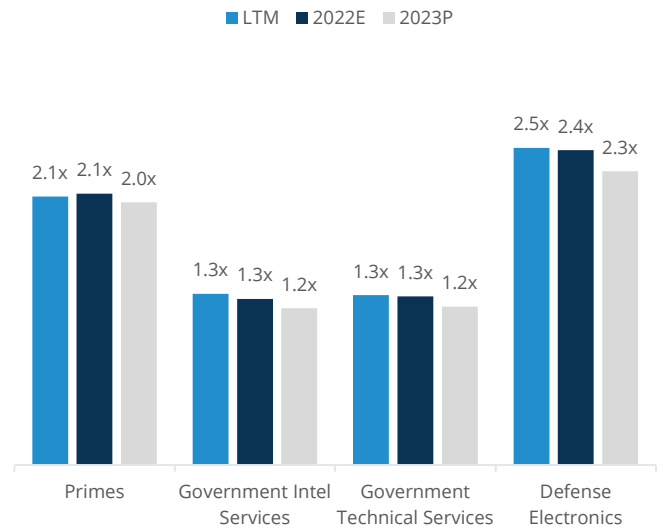
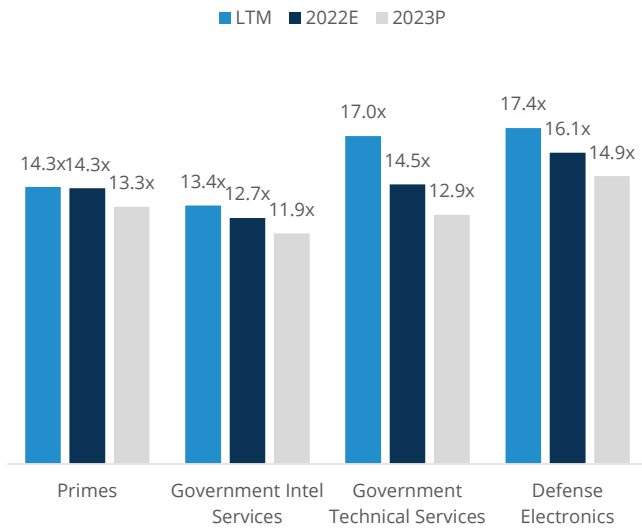
*Source: S&P Capital IQ.

Public Company Valuations:

Defense & Government | Intelligence Community*

Median EV/EBITDA

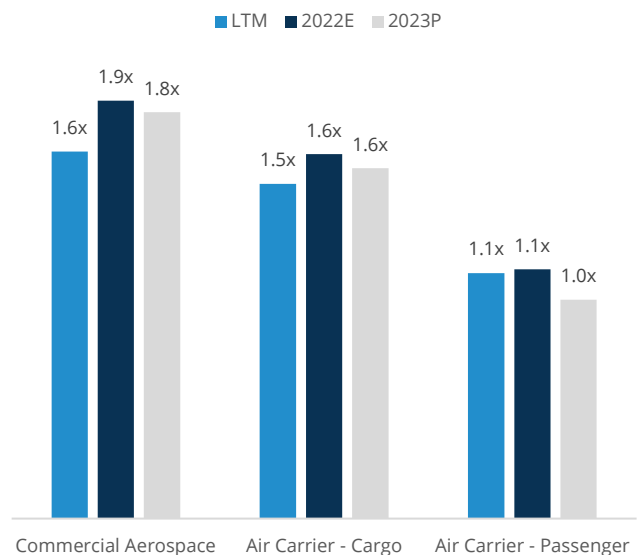
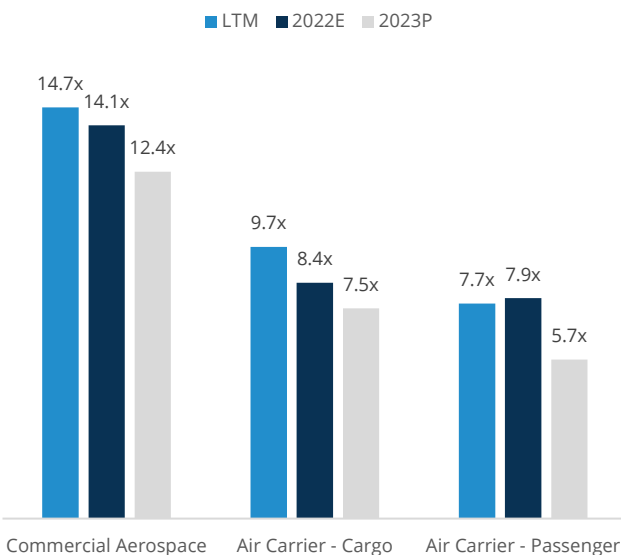
Median EV/Revenue



Commercial Aerospace*

Median EV/EBITDA

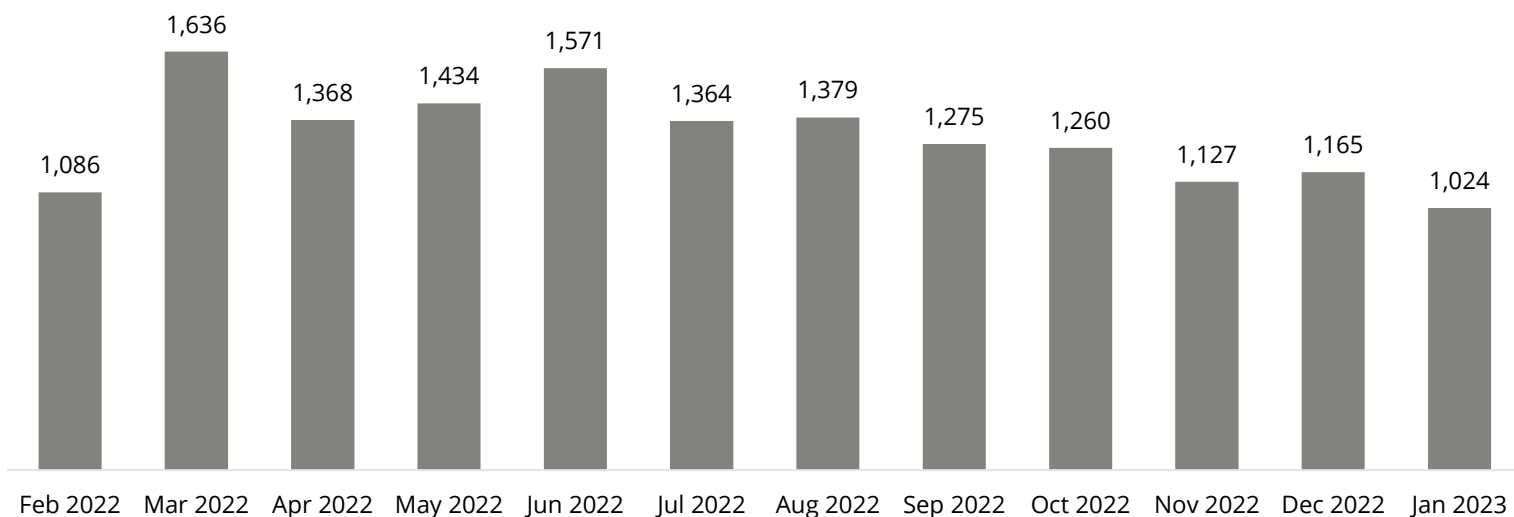
Median EV/Revenue



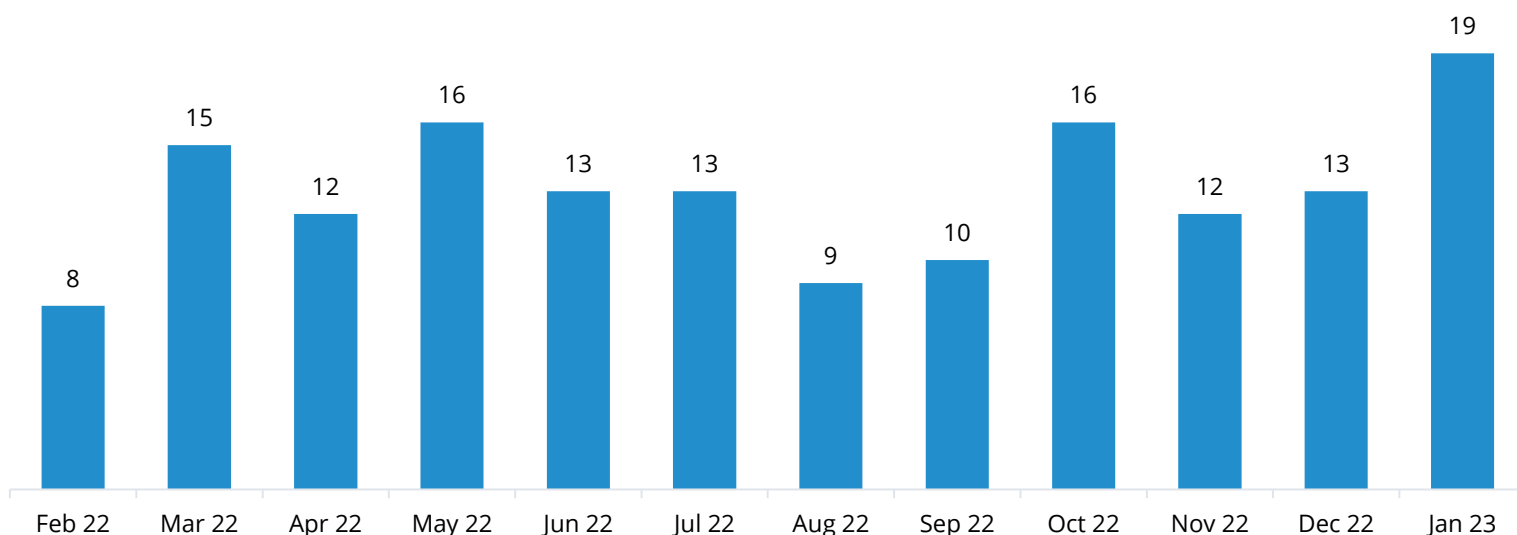
*Source: S&P Capital IQ as of February 2, 2023. For a full list of companies within each index, see page 8.

M&A Trends*:

LTM US M&A Activity—Consolidated



LTM US M&A Activity—Southwind Industry Universe



*Source: S&P Capital IQ. These charts consist of completed transactions that were announced within the past year.

January Transaction Activity*:

Announced Date	Status	Target	Acquirer / Investor	Transaction Value (US\$ Mil)	Valuation (TEV/TTM Adj. EBITDA)
1-03-2023	Closed	ChartWorld International Ltd.	Teledyne Technologies Inc. (NYSE:TDY)	n.d.	n.d.
1-03-2023	Closed	Blackhawk Modifications, Inc.	AVEX, Inc.	n.d.	n.d.
1-04-2023	Announced	Assets of Land Air Express, Inc.	Forward Air Corporation (NasdaqGS:FWRD)	56.50	n.d.
1-04-2023	Closed	New Matco, Inc.	National Machine Company	n.d.	n.d.
1-05-2023	Closed	Exxelia International	HEICO Corporation (NYSE:HEI)	n.d.	n.d.
1-05-2023	Closed	Xcel Engineering, Inc.	MartinFederal Consulting, LLC	n.d.	n.d.
1-05-2023	Closed	Metova, Inc.	Management Team of Metova, Inc.	n.d.	n.d.
1-05-2023	Closed	Amyx, Inc.	Tetra Tech, Inc. (NasdaqGS:TTEK)	n.d.	n.d.
1-05-2023	Closed	A&H Security Enterprises, LLC	Dedrone Holdings, Inc.	n.d.	n.d.
1-05-2023	Closed	Dzyne Technologies Incorporated	Highlander Partners, L.P.	n.d.	n.d.
1-10-2023	Closed	LinTech Global, Inc.	Digital Intelligence Systems, LLC	n.d.	n.d.
1-12-2023	Closed	Xiphos Systems Corp.	Epiq Design Solutions, Inc.	n.d.	n.d.
1-12-2023	Closed	Xcelerate Solutions, LLC	McNally Capital, LLC	n.d.	n.d.
1-16-2023	Announced	Barrett Firearms Manufacturing, Inc.	Nioa Nominees Pty. Limited	n.d.	n.d.
1-17-2023	Closed	IF Armor International, LLC	The Armored Group, LLC	n.d.	n.d.
1-17-2023	Announced	ESN Group, Inc.	Xcelerate Inc. (OTCPK:XCRT)	n.d.	n.d.
1-18-2023	Closed	Compendium Federal Technology, LLC	Boathouse Capital	n.d.	n.d.
1-19-2023	Closed	Ion Wave Technologies Inc.	GTY Technology Holdings, Inc.	n.d.	n.d.

*Source: S&P Capital IQ. This list represents select deals within Southwind's industry universe that have been announced and/or closed in the past month.

January Transaction Activity* *Cont.:*

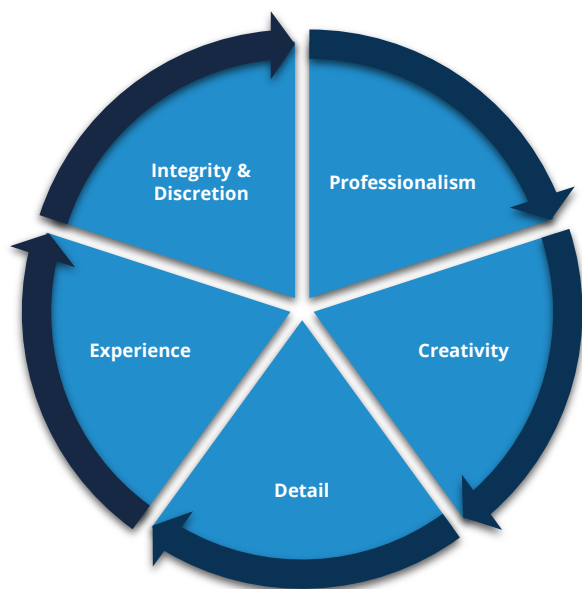
Date	Status	Target	Acquirer / Investor	Transaction Value (US\$ Mil)	Valuation (TEV/TTM Adj. EBITDA)
1-20-2023	Announced	Magnet Forensics Inc. (TSX:MAGT)	Thoma Bravo, L.P.	n.m.	n.m.
1-24-2023	Closed	Simplex Mobility Inc.	Digital Management, LLC	n.d.	n.d.
1-26-2023	Closed	GuardSight, Inc.	Iron Bow Technologies LLC	n.d.	n.d.
1-26-2023	Closed	REDLattice, Inc.	AE Industrial Partners, LP	n.d.	n.d.
1-31-2023	Closed	Black Sage Technologies Inc.	Highlander Partners, L.P.	n.d.	n.d.
1-31-2023	Closed	Hellebore Consulting Group, LLC	LinQuest Corporation	n.d.	n.d.

*Source: S&P Capital IQ. This list represents select deals within Southwind's industry universe that have been announced and/or closed in the past month.

About Southwind Capital:

More Than **60** Transactions · Over **\$6 Billion** in Transaction Value

Core Values Driving Success



Client-Focused Solutions

Mergers & Acquisitions

Underpinned by proprietary modeling and detailed marketing and diligence support, our focus on preparation fosters buyer interest and efficiency.

Equity & Debt Financing

Southwind maintains relationships with leading industry capital providers and assists in equity and debt financing services from cradle to grave.

Valuation & Fairness Opinions

Southwind offers professional evaluations of a company to determine whether a merger, acquisition, or other transaction is fair and viable.

Merchant Banking

Through deep relationships with board-level advisors and family office and high net worth investors, Southwind helps facilitate capital formation.

Southwind Publicly Traded Company Indices

Primes	Government Intel Services	Government Technical Services	Defense Electronics
Raytheon Technologies Corporation The Boeing Company Lockheed Martin Corporation Northrop Grumman Corporation General Dynamics Corporation Huntington Ingalls Industries, Inc.	Leidos Holdings, Inc. Booz Allen Hamilton Holding Corporation CACI International Inc Science Applications International Corporation Parsons Corporation	Jacobs Solutions Inc. AECOM KBR, Inc. ICF International, Inc. V2X, Inc.	L3Harris Technologies, Inc. BAE Systems plc Thales S.A. Teledyne Technologies Incorporated Textron Inc. Mercury Systems, Inc. AeroVironment, Inc. Kratos Defense & Security Solutions, Inc.

Commercial Aerospace	Air Carrier - Cargo	Air Carrier - Passenger
Honeywell International Inc. Airbus SE TransDigm Group Incorporated HEICO Corporation Embraer S.A. Curtiss-Wright Corporation Spirit AeroSystems Holdings, Inc. Hexcel Corporation Aerojet Rocketdyne Holdings, Inc. Moog Inc. Triumph Group, Inc. AAR Corp. Ducommun Incorporated Astronics Corporation	United Parcel Service, Inc. FedEx Corporation Expeditors International of Washington, Inc. Atlas Air Worldwide Holdings, Inc. Air Transport Services Group, Inc. Exchange Income Corporation Forward Air Corporation Cargojet Inc. Hub Group, Inc. Chorus Aviation Inc. AAR Corp. Sun Country Airlines Holdings, Inc. Mesa Air Group, Inc. Air T, Inc.	Delta Air Lines, Inc. United Airlines Holdings, Inc. Southwest Airlines Co. Spirit Airlines, Inc. Alaska Air Group, Inc. JetBlue Airways Corporation Frontier Group Holdings, Inc. SkyWest, Inc. Copa Holdings, S.A. Allegiant Travel Company Hawaiian Holdings, Inc. Mesa Air Group, Inc.

