
December 2022 Market Report

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PLEASE SEE ADDITIONAL INSIGHTS ON THE SATELLITE & SPACE INDUSTRY IN THE DECEMBER [2022 MARKET MONITOR](#) FROM OUR PARTNERS AT QUILTY ANALYTICS.

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What We're Reading:



STRATEGY & POLICY

- ✓ [China Is Preparing for Economic War With the West](#)
"Proof of the insurance ban's viability as a sanctions tool is of more significance to the future of geoeconomic statecraft than the price cap it is being used to enforce."
- ✓ [American Defense Priorities After Ukraine](#)
"Against peer competition at scale, misguided investment could lead to strategic defeat."
- ✓ [Incredibly Shrinking Defense Industry](#)
"...the number of defense prime contractors has plummeted from 51 to five since the 1990s."



TRENDS IN TECHNOLOGY

- ✓ [Software Eating Defense](#)
"We are really a software company, but slap hardware on top because DoD doesn't pay for software."
- ✓ [SpaceX Starshield Spy Satellites](#)
"China sees Starlink as a serious threat to its current government Internet censorship..."
- ✓ [Mayhem Hypersonic Strike-Recon Jet Contract Awarded To Leidos](#)
"The system goal is to carry payloads five-times the mass and double the range of current technology capability systems..."



CONTRACTING, PROCUREMENT & BUDGET

- ✓ [Congress is building a stronger fleet than the Navy](#)
"...Congress recognizes that fleet capacity cannot be sacrificed in the near term."
- ✓ [Defense spending to rise by 9% in Congress' FY23 budget deal](#)
"...gives the military a multi-billion-dollar boost in funding for fiscal 2023, well above the mark requested by President Joe Biden in his budget proposal last spring."
- ✓ [Budget for All: What a Way to Celebrate the Holidays](#)
"...it is little wonder that each one (NDAA and a bill to fund the government) has become a vehicle to be loaded up with all kinds of other policy legislation."



CAPITAL MARKETS

- ✓ [Private Equity Firm Advent to Purchase Maxar in \\$6.4B Deal](#)
"The \$53-a-share price of the deal is a premium of 129 percent..."
- ✓ [L3Harris Completes \\$2B Purchase of Viasat Link 16 Assets](#)
"We're really in a great position as a key JADC2 provider...we inject a whole new set of ideas and capabilities to the current Link 16 portfolio we are acquiring."
- ✓ [Anduril Fetches \\$1.48B in Latest Funding Round](#)
"The defense software maker only opened for business five years ago...has grown to a multi-billion dollar valuation."

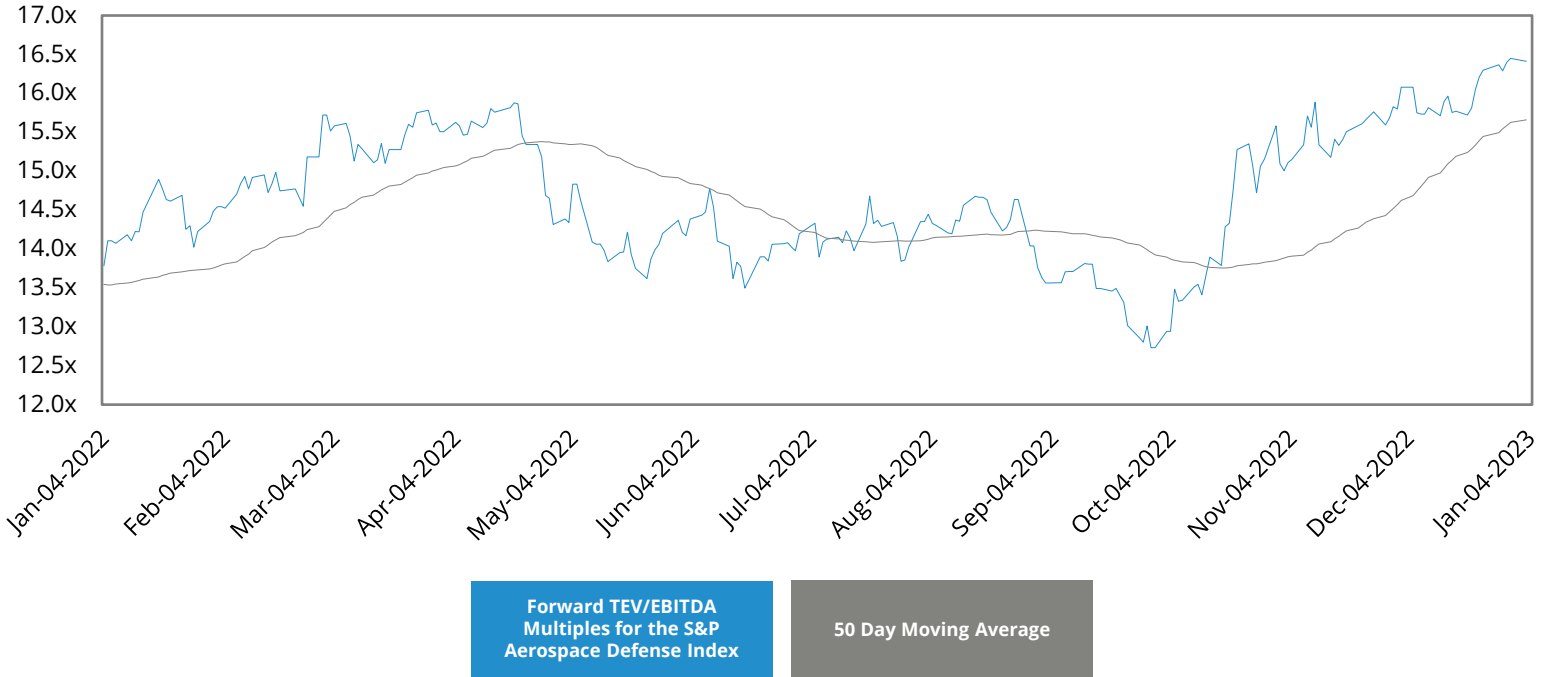


AVIATORS & WARFIGHTERS

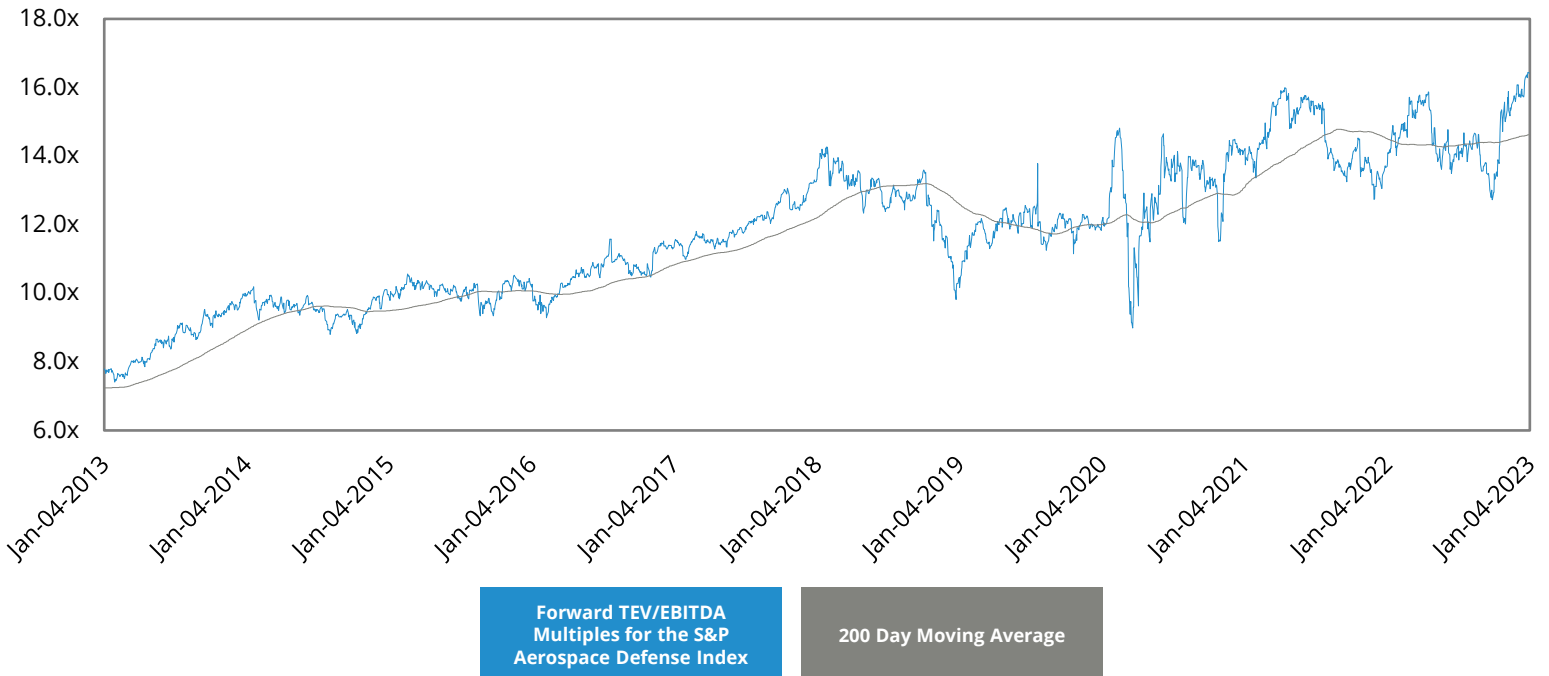
- ✓ [The Complicated Truth About the Famous "Christmas Truce" of World War I](#)
"Small, informal truces were common...mostly for each side to collect and bury their dead."
- ✓ [Five Big Military Moments That Took Place on Christmas Day](#)
"The daring crossing of the Delaware ended up being one of the turning points of the Revolutionary War."
- ✓ [Tacfarinas Made Rome Realize It Had To Fight Like The Enemy To Win](#)
"...failing to recognize that for the enemy, it was a case of win or die.."

Valuation Trends:

1-Yr Historical EBITDA Multiples*



10-Yr Historical EBITDA Multiples*



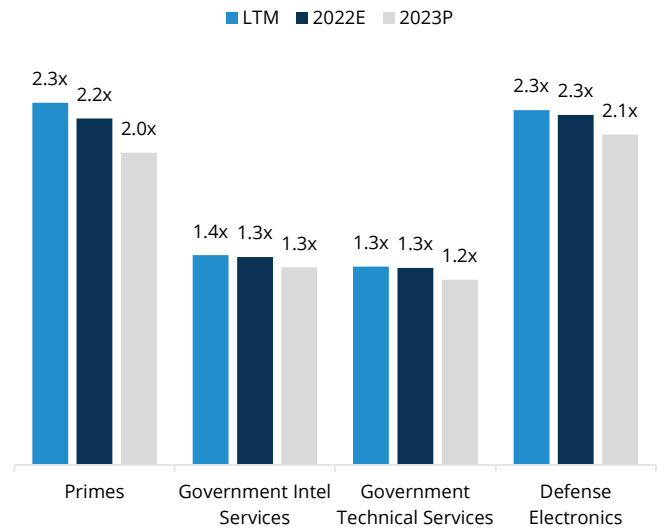
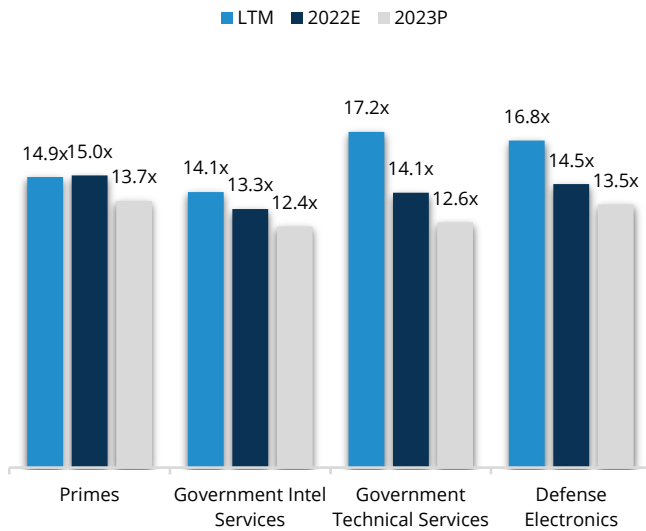
*Source: S&P Capital IQ.

Public Company Valuations:

Defense & Government | Intelligence Community*

Median EV/EBITDA

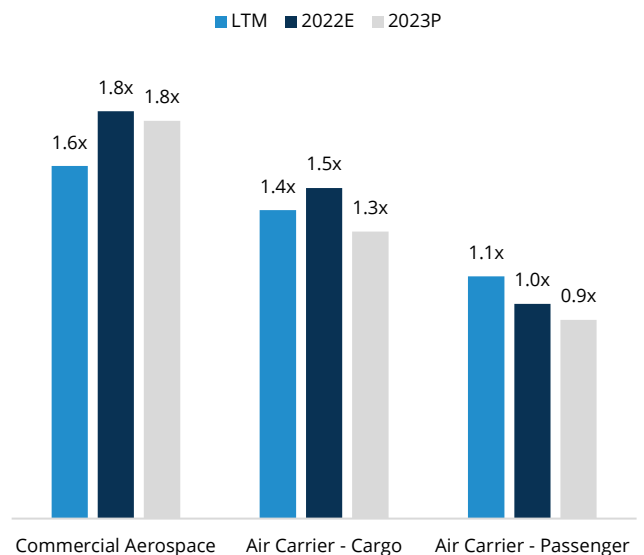
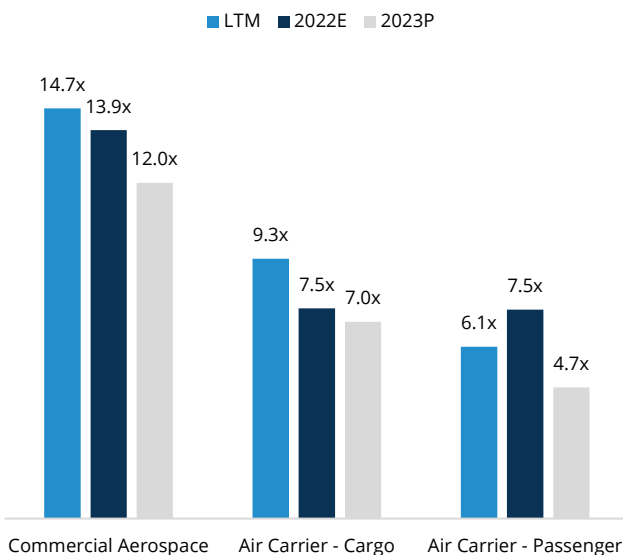
Median EV/Revenue



Commercial Aerospace*

Median EV/EBITDA

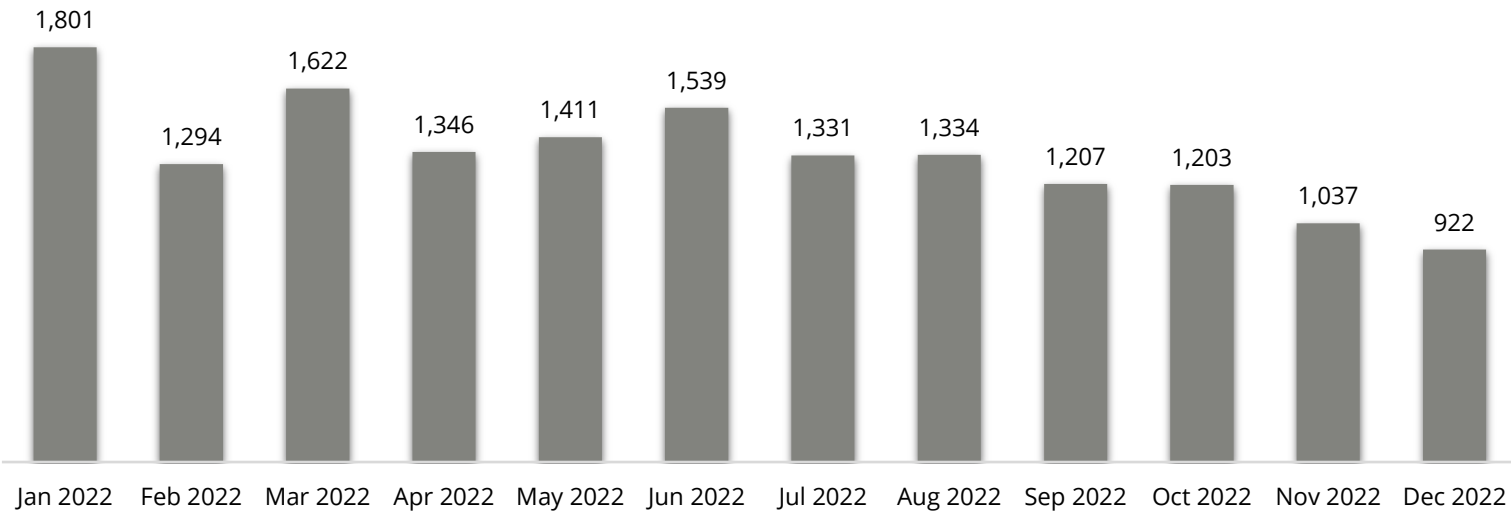
Median EV/Revenue



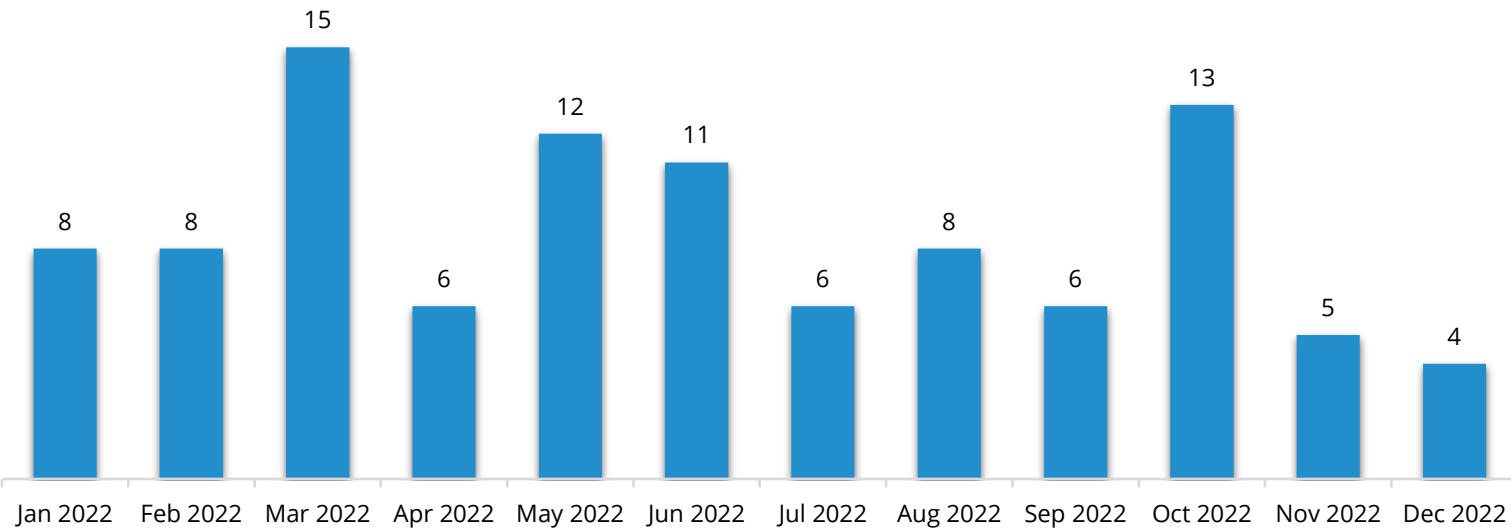
*Source: S&P Capital IQ as of January 3, 2023. For a full list of companies within each index, see page 7.

M&A Trends*:

LTM US M&A Activity—Consolidated



LTM US M&A Activity—Aerospace & Defense



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

December Transaction Activity*:

| Date | Status | Target | Acquirer / Investor | Transaction Value (US\$ Mil) | Valuation (TEV/TTM Adj. EBITDA) |
|----------|-----------|--|---|------------------------------|---------------------------------|
| 12/01/22 | Completed | Synaptch, LLC | Logistics Management Institute, Inc. | n.d. | n.d. |
| 12/06/22 | Completed | International Aerospace Coatings, Inc. | Tiger Infrastructure Partners LP | n.d. | n.d. |
| 12/07/22 | Announced | Octo Consulting Group, Inc. | International Business Machines Corp. | n.d. | n.d. |
| 12/07/22 | Completed | InnovaSystems International, LLC | Cydecor Inc. | n.d. | n.d. |
| 12/08/22 | Completed | Applied Aerospace Structures Corp. | Greenbriar Equity Group, L.P. | n.d. | n.d. |
| 12/08/22 | Completed | Managed Threat Services of Booz Allen Hamilton Corp. | Security On-Demand, Inc. | n.d. | n.d. |
| 12/08/22 | Completed | Grove Resource Solutions, Inc. | DLH Holdings Corp. | 184.44 | n.d. |
| 12/13/22 | Announced | Mountain Horse LLC | Global Ordnance LLC | n.d. | n.d. |
| 12/13/22 | Completed | Sequa Corporation | Veritas Capital Fund Management, LLC | n.d. | n.d. |
| 12/16/22 | Announced | Maxar Technologies, Inc. | Advent International Corp.; British Columbia Investment Management Corp. | 6,547.40 | 14.2x |
| 12/18/22 | Announced | Aerojet Rocketdyne Holdings, Inc. | L3Harris Technologies, Inc. | 4,783.79 | 15.9x |
| 12/19/22 | Announced | Personnel Decisions Research Institutes, LLC | Pearson PLC | 190.00 | n.d. |
| 12/21/22 | Completed | Summit Aircraft Co | Cub Crafters, Inc. | n.d. | n.d. |
| 12/22/22 | Announced | Visual Information Solutions Business of L3Harris Technologies, Inc. | NV5 Global, Inc. | n.d. | n.d. |
| 12/22/22 | Completed | Akro Fireguard Products, Inc. | Integrated Polymer Solutions Group | n.d. | n.d. |
| 12/27/22 | Completed | Land Sea Air Autonomy LLC | Redshield Electronics, Inc. | n.d. | n.d. |
| 12/28/22 | Completed | Resolute Industrial, LLC | Aggreko, LLC | 440.00 | 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. |

