
November 2022 Market Report

IN THIS ISSUE:

What We are Reading

Valuation Trends

Public Company Valuations

M&A Trends

November Transaction Activity



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

R. Lee Priest, Jr.
lpriest@southwindcap.com
703-231-6924

J. Harrison Powell, II
hpowell@southwindcap.com
804-338-3915

Securities transactions for Southwind are conducted through Ashton Stewart & Co. Inc., Member FINRA/SIPC. Certain individuals of Southwind are Registered Representatives of Ashton Stewart & Co., Inc., which is not affiliated with Southwind.

What We're Reading:



STRATEGY & POLICY

- ✓ [Reimagining Industrial Policy for a Technological Cold War](#)
"Depending on billionaires interested in defense is not a sustainable strategy..."
- ✓ [Big Defense May Be The Closest Thing Washington Has to A Real Industrial Policy](#)
"...The most important military technologies today are mainly of the dual-use variety..."
- ✓ [Why America Loses Wars](#)
Imagine how much worse it would be with a hollow force and loss of technological advantage - **SWC**



TRENDS IN TECHNOLOGY

- ✓ [The Public Finally Gets to See the B-21 Stealth Bomber this Week](#)
"The company has used digital engineering and advanced manufacturing to build the plane..."
- ✓ [The Army Is Getting the World's Largest Metal 3D Printer](#)
"The design and method also favor innovation by allowing for relatively rapid design adjustments..."
- ✓ [When Will Supersonic Passenger Planes Come Back?](#)
"They face immense challenges – like....finding a path to certification with the FAA, which has never approved a supersonic passenger plane to fly over North America."



CONTRACTING, PROCUREMENT & BUDGET

- ✓ [Is the Pentagon Changing Fast Enough?](#)
Pretty sure this isn't a Pentagon issue (Congress anyone?) - **SWC**
- ✓ [Continuing Resolution Costing Pentagon 'at Least \\$3 Billion' Per Month](#)
"Those warnings, however, haven't stopped Congress from passing at least one CR every year since 1997."
- ✓ [How to Define the Business Development Role at a Small Contractor](#)
If anyone has figured this out...contact us. We will make you rich - **SWC**



CAPITAL MARKETS

- ✓ [Leonardo DRS Becomes Public Defense Tech Company after RADA Merger](#)
"The combination had \$2.7B in 2021 pro forma revenue and adjusted EBITDA of \$305M."
- ✓ [Deep Water Point Inks Deal to Buy Wolf Den Associates](#)
Congratulations Barry, Kevin and team! - **SWC**
- ✓ [Oliver Wyman Completes Acquisition of Avascent](#)
Have worked with both...powerful team! - **SWC**

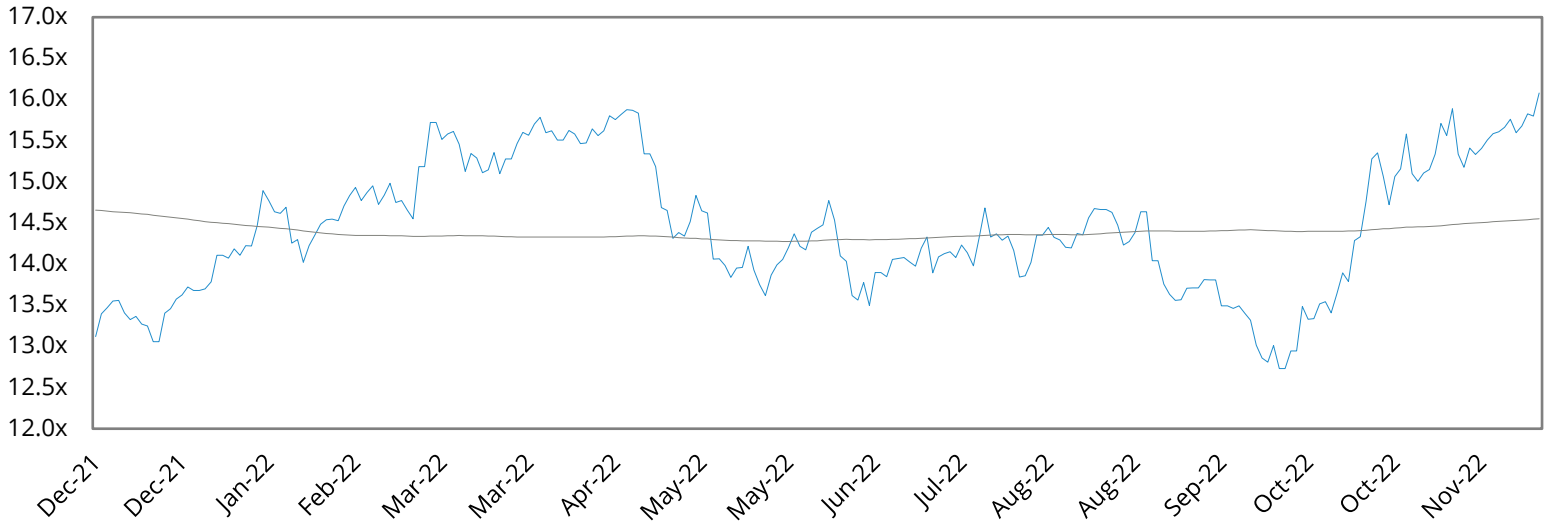


AVIATORS & WARFIGHTERS

- ✓ [Duality of Madness](#)
"Both Kurtz and Kilgore represent the duality of good and evil, with the film's protagonist going up-river between them."
- ✓ [When 6 Commandos Took On 30,000 Enemy Troops](#)
"Not your average Thanksgiving"
- ✓ [All Quiet on the Western Front. A Cautionary Tale for Humanity](#)
"I believe in a strong military, but war should always be the last resort."

Valuation Trends:

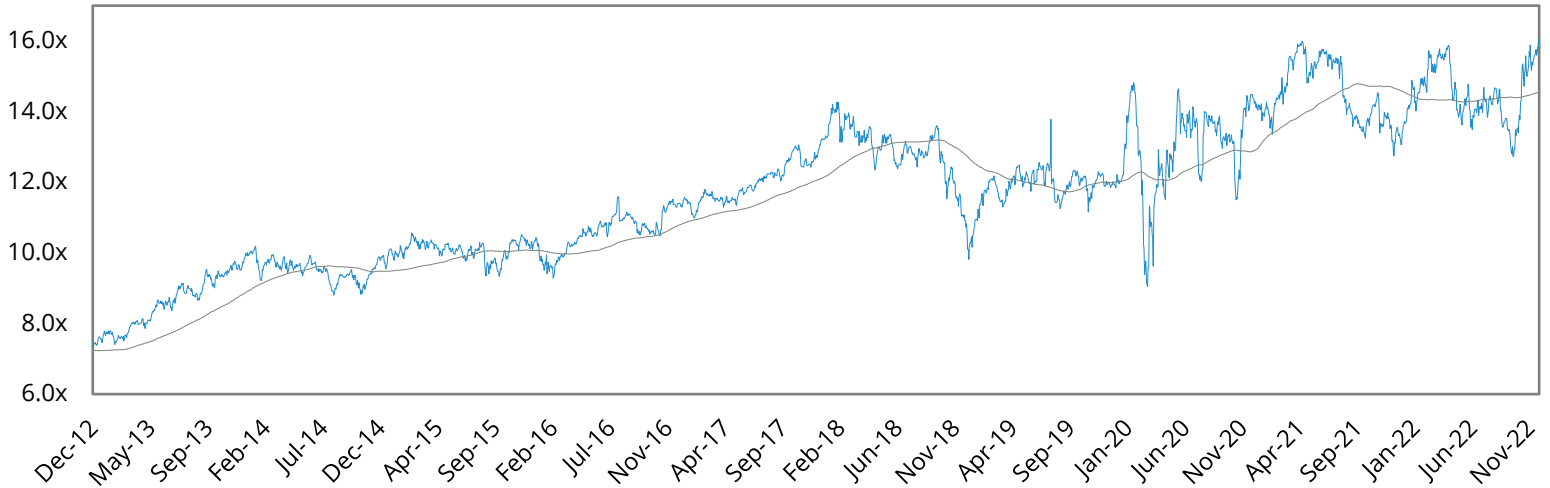
LTM Historical EBITDA Multiples*



Forward TEV/EBITDA
Multiples for the S&P
Aerospace Defense Index

200 Day Moving Average

10-Yr Historical EBITDA Multiples*



Forward TEV/EBITDA
Multiples for the S&P
Aerospace Defense Index

200 Day Moving Average

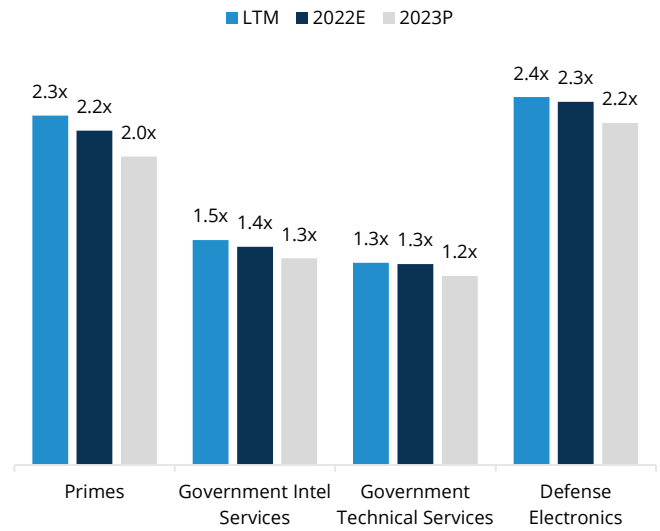
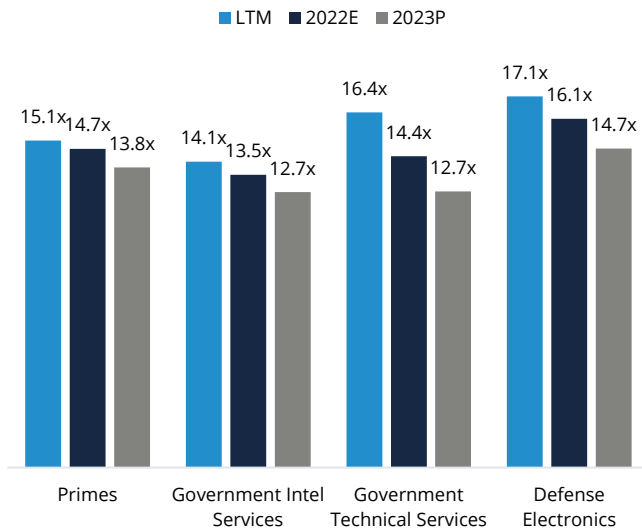
*Source: S&P Capital IQ

Public Company Valuations:

Defense & Government | Intelligence Community*

Median EV/EBITDA

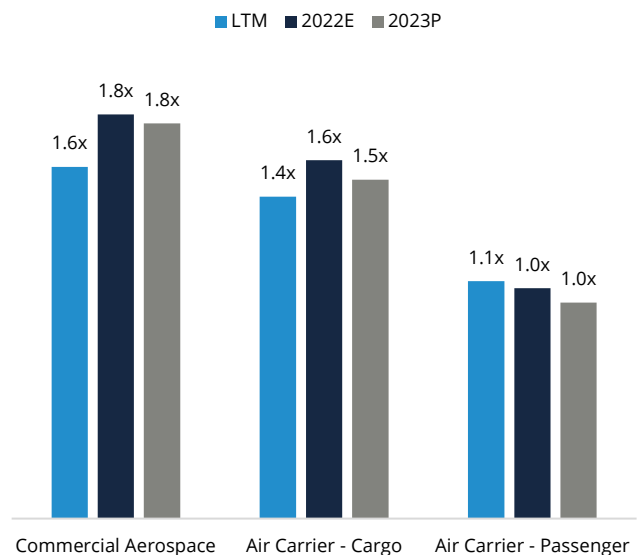
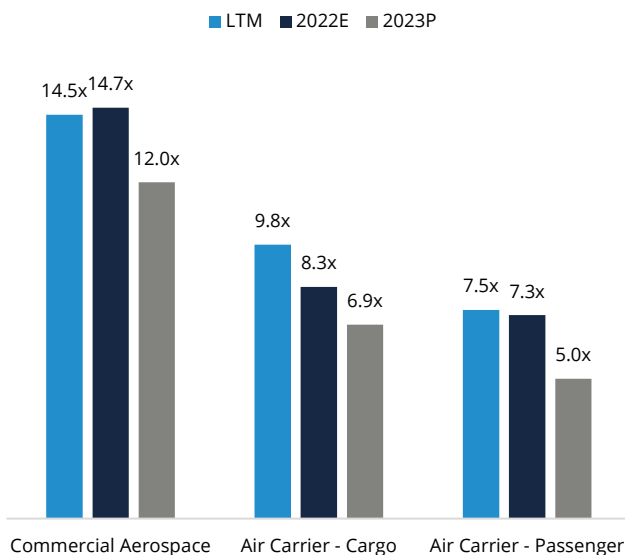
Median EV/Revenue



Commercial Aerospace*

Median EV/EBITDA

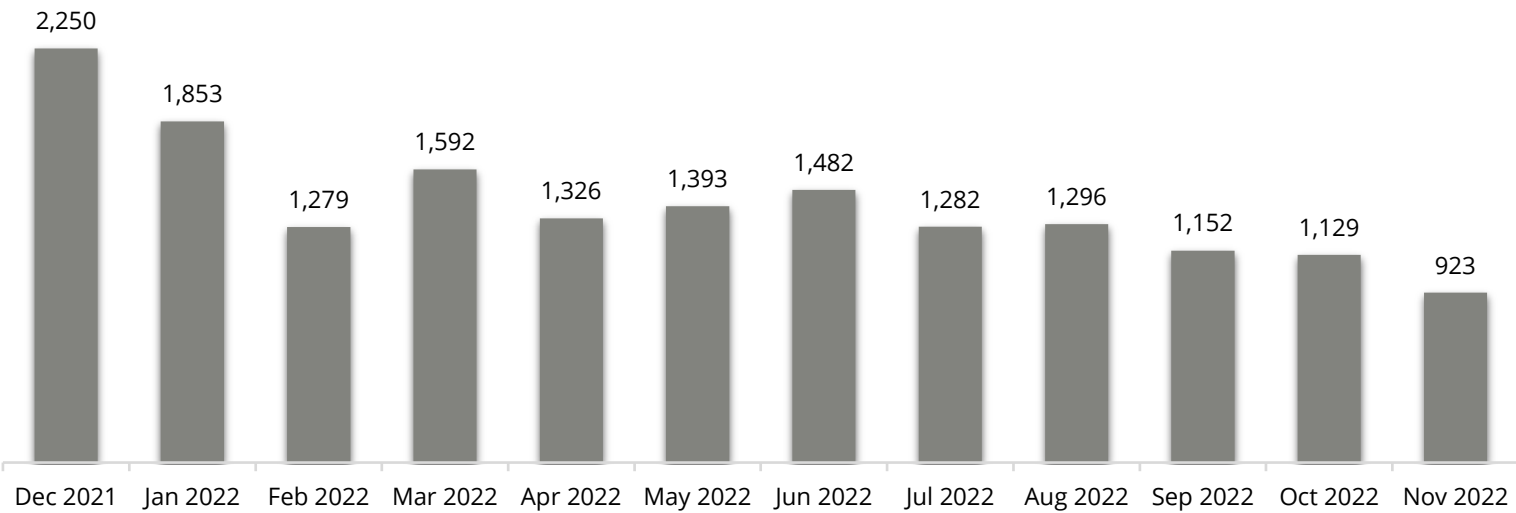
Median EV/Revenue



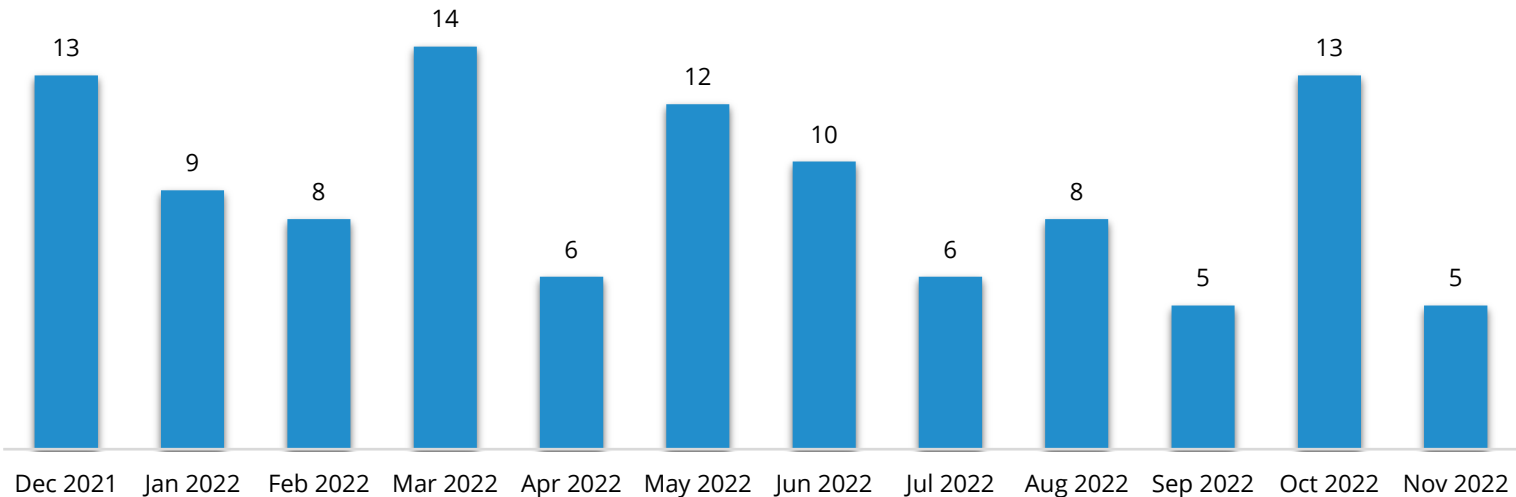
*Source: S&P Capital IQ as of December 1, 2022. For a full list of companies within each index, see page 7.

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.

November Transaction Activity*:

Announced Date	Target	Acquirer / Investor	Transaction Value (US\$ Mil)	Valuation (TEV/TTM Adj. EBITDA)
2022-11-30	Whitcraft LLC	Dynamic Precision Group, Inc.	n.d.	n.d.
2022-11-29	Associated Aircraft Manufacturing & Sales, Inc.	First Aviation Services Inc.	n.d.	n.d.
2022-11-29	Atlanta Micro, Inc.	Mercury Systems, Inc.	102.5	n.d.
2022-11-28	Liteye Systems, Inc.	Highlander Partners, L.P.	n.d.	n.d.
2022-11-21	Fat Shark Holdings, LTD./ Rotor Riot LLC	Unusual Machines, Inc.	18.0	n.d.
2022-11-21	Wolf Den Associates, LLC	Deep Water Point, LLC; Renovus Capital Partners	n.d.	n.d.
2022-11-16	Agile Defense, Inc.	Enlightenment Capital	n.d.	n.d.
2022-11-16	Keronite Group Limited	Curtiss-Wright Corporation	35.0	n.d.
2022-11-16	Steel Root, Inc.	C3 Integrated Solutions, Inc.	n.d.	n.d.
2022-11-09	Valkyrie Systems Inc.	Cann American Corp. (OTCPK:CNNA)	n.d.	n.d.
2022-11-08	Auspex Technologies, LLC.	Edgesource Corporation	n.d.	n.d.
2022-11-07	Assets of Chickasaw Container Services, Inc.	Forward Air Corporation	n.d.	n.d.
2022-11-03	Aero Accessories & Repair Inc	ATL Partners	n.d.	n.d.
2022-11-02	Logos Technologies LLC	Sparton DeLeon Springs, LLC	n.d.	n.d.
2022-11-02	Wheelhouse Group LLC	The Cadmus Group, Inc.	n.d.	n.d.

*Source: S&P Capital IQ. This list represents select deals within Southwind's industry universe that have been announced 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.

