



MERGERS AND ACQUISITIONS

2022 - Notable Transactions In Aerospace, Defense, & Government Services

FAIRMONT

CONSULTING GROUP

January 2023

FAIRMONT CONSULTING GROUP

TRANSACTIONS

We provide critical market & competitive diligence in support of the acquisition and sale of businesses; detailed, objective independent financial forecasts and critical transaction support

STRATEGY

We help clients understand evolving markets and changing competitive environments in order to decide where and how to invest time and capital in support of profitable long-term growth

OPERATIONS

We help clients achieve optimal efficiency in support of growth and investment objectives through analysis and improvement of operational processes, infrastructure, capital and personnel

WHO RELIES ON FAIRMONT AND WHY?

CLIENTS

Aerospace & defense primes
Tier 2 and Tier 3 suppliers
Government services providers
Private equity investors, hedge funds, and investment banks
PE portfolio companies

EXPERIENCE

Advisors to CEOs, boards, and leading investors in ADG
150+ strategy engagements
250+ transactions worth \$25B+ in total enterprise value
250+ collective person-years of ADG experience

CAPABILITIES

Deep domain knowledge across ADG and all subsectors
Global network of SME's in operations, finance, technology, government
Technology-enabled, data-driven analytical techniques

Jay Wynn
Senior Managing Director
JWynn@FairmontCG.com

Office: (857) 310-5068
Mobile: (617) 922-3565

Ben Harper
Managing Director
BHarper@FairmontCG.com

Office: (857) 310-5067
Mobile: (713) 907-5307

Mark Shaheen
Managing Director
MShaheen@FairmontCG.com

Office: (857) 265-3400
Mobile: (202) 669-0632

Max Asterlin
Partner
MAsterlin@FairmontCG.com

Office: (857) 265-3401
Mobile: (574) 274-0690

Annalisa Weigel
Senior Director
AWeigel@FairmontCG.com

Office: (857) 265-3400
Mobile: (857) 998-1623

Mission-Essential Services



Defense & National Security Solutions



Naval-Focused Investments



Military Space & Launch



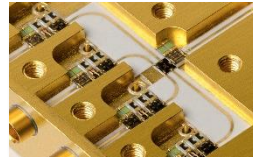
GEO / LEO Convergence



Rockets, Missiles, & Munitions



Defense Sector Tier 2/3 Investments



Aero Supply Chain Consolidation



Business Aviation Tailwinds



Aerospace MRO Tailwinds



Aero Distribution Consolidation



Electric Aircraft



Foreign Sovereign Investment





Merged With



PF Revenue: ~\$3.4B (2021)

PF EBITDA¹: \$283M (2021)

1,3400 FTE employees

The Vertex Company, a portfolio company of American Industrial Partners, and Vectrus, Inc. (NYSE: VEC) completed a merger agreement and rebranded as V2X, Inc. (NYSE: VVX). The combined entity now provides customers with an expanded service offering, including solutions that are well aligned with ongoing modernization initiatives and future mission requirements. This strategic combination improves both company's geographic, customer, and contract diversity.

PAE

Acquired by



Closing Date: Q1 2022

Price: \$1.9B

Amentum Holdings LLC, a portfolio company of American Securities and Lindsay Goldberg, acquired PAE, Inc. Following 2020's acquisitions of DynCorp International, Metis Solutions Corp., and CENTRA Technology, Inc., Amentum continued to diversify its business with the contracts and relationships between PAE and federal civilian agencies (e.g., State, DHS, NASA, DoJ). In 2022, Washington Technology ranked Amentum as the 12th largest federal government contractor.

Transactions provided increased customer access, improved cost structures, and expanded solution offerings, which will likely improve the competitive positioning of both acquirers

Avantus

Acquired by

QINETIQ

Closing Date: Q4 2022

Price: \$590M

Revenue: \$298M

TEV/EBITDA: 14.6x

QinetiQ US, a wholly owned subsidiary of QinetiQ Group plc (LSE: QQ), acquired Avantus Federal, a portfolio company of NewSpring Holdings. This acquisition provides additional exposure to DoD and Intel Community with advanced data analytics, cyber, and software development capabilities. QinetiQ's strategic focus is to be a top provider of defense technology and services across the trilateral AUKUS partnership.

ManTech

Acquired by

THE CARLYLE GROUP

Closing Date: Q3 2022

Price: \$4.2B

Revenue: ~\$2.7B

TEV/EBITDA: n/a

ManTech International Corporation (Nasdaq: MANT), completed its sale to The Carlyle Group (NASDAQ: CG). ManTech delivers innovative solutions and technology for national security programs to U.S. Government agencies and foreign allies. This acquisition represents a new chapter for the company after 40+ years of leadership from George Pedersen, one of ManTech's original co-founders.

EVERWATCH

Acquired by

Booz | Allen | Hamilton

Closing Date: Q4 2022

Price: \$440M

Revenue: n/a

TEV/EBITDA: n/a

Booz Allen Hamilton (NYSE: BAH) acquired EverWatch Corp., a portfolio company of private Enlightenment Capital. EverWatch provides specialized technical solutions for highly cleared defense and intelligence customers. The combination will bolster Booz Allen's software development, cyber, and analytics capabilities on mission-critical, classified programs.

Transactions enhance each company's portfolios with advanced technology, robust solutions, and strong customer relationships that are well positioned for future growth



Acquired by

ARCLINE / **FAIRBANKS MORSE DEFENSE**

Closing Dates: 1H 2022

Fairbanks Morse Defense's 2022 acquisitions of Federal Equipment Company (deck machinery & handling systems), Maxim Watermakers (water treatment & purification), and Research Tool & Die Works (marine electrical systems hardware) significantly strengthened and diversified FMD's proprietary naval product offerings. Through inorganic investments, FMD has become a critical Navy system and component supplier.



VT Halter Marine

Acquired by



Closing Date: Q4 2022
Price: \$15M

Bollinger's acquisition of VT Halter Marine continues the shipyard's roll-up of smaller shipbuilding assets (acquired Gulf Island Fabrication in 2021). Navy and Marine Corps leadership have frequently cited industrial base capacity as the biggest barrier to expanding the Navy's fleet. Bollinger has cemented itself as the "next" logical shipyard, following existing OEMs, for future U.S. naval capacity expansion investments.



Acquired by

GENERAL DYNAMICS

Closing Date: Q2 2022

General Dynamics expanded the Company's capabilities through its acquisition of Progeny Systems, a provider of complex IT, submarine, and avionics systems. Progeny's submarine system modernization capabilities align with strong undersea tailwinds as the U.S. pivots its focus to near-peer adversaries. The company's SBIR Phase III contracts should position it well to become an emerging technology developer.

DoD's focus on the Indo-Pacific threat will require naval investments, creating long-term growth opportunities for companies with naval-focused technologies and capabilities

YORK SPACE SYSTEMS

Majority stake acquired by



&

BlackRock

Closing Date: Q4 2022
Price: ~\$1.1B

York Space Systems, a “new space” smallsat bus manufacturer and integrator, has reached “unicorn” status following its majority stake sale. York Space Systems has secured multiple prime positions for the Space Development Agency’s Transport Layer, making them a key supplier in support of the DoD’s Proliferated Warfighter Space Architecture and hybridization of space in low earth orbit (LEO).

FRONTGRADE

Acquired by



**VERITAS
CAPITAL**

Closing Date: TBD
Price: ~\$2.0B¹

Revenue: n/a
TEV/EBITDA: 15X¹

Veritas Capital has entered into a definitive agreement to acquire CAES Space Systems, a current subsidiary of Cobham Ltd., from Advent International Corp. CAES Space Systems is a provider of radiation hardened, high reliability solutions for commercial, government, and military space systems, including emerging and legacy spacecraft and launch vehicles. CAES Space has been rebranded to Frontgrade Technology.

DoD’s Proliferated Warfighter Space Architecture and space hybridization objectives have resulted in attractive opportunities for traditional and emerging space players



To be acquired by



Closing Date: TBD

Price: ~\$7.3B

Revenue: ~\$3.5B¹

TEV/EBITDA: TBD

Viasat's plan to buy Inmarsat was announced in November of 2021 with goals of closing the deal in 2022 to create a more competitive entity against emerging LEO systems. The deal is currently under investigation by the United Kingdom's CMA over concerns the merger would result in reduced competition within the inflight connectivity (IFC) market. Results of the investigation are expected to be released early 2023.



To merge with



Closing Date: TBD

Price: ~\$3.4B

Revenue: ~\$1.2B²

TEV/EBITDA: TBD

The potential OneWeb and Eutelsat merger, announced in Q3 of 2022, would represent one of the first and most significant mergers between a “traditional” GEO and a “new space” LEO satellite operator. Eutelsat's board and OneWeb's largest shareholders have voiced their support, but the deal must be approved by Eutelsat's shareholders and regulatory reviews.

The emergence of LEO constellations has spurred M&A discussions within and across “traditional” GEO and “new space” LEO satellite operators



Acquired by



Closing Date: Est. 2023
Price: \$4.7B

Revenue: ~\$2.5 (2024E)
TEV/EBITDA: ~12x (2024E)

L3Harris Technologies (NYSE: LHX) has announced a definitive agreement to acquire Aerojet Rocketdyne (NYSE: AJRD), which is subject to regulatory approvals. This acquisition will expand access into growing markets (e.g., *missiles, missile defense, space exploration*) and continue L3Harris's ascent to become the industrial base's "Sixth Prime."



Acquired by



Closing Date: Est. Q2 2023
Price: €1.2B

Revenue: ~€400M
TEV/EBITDA: ~10x

Rheinmetall AG (XTRA: RHM) expanded its geographic exposure through the acquisition of Expal Systems S.A., a subsidiary of a Rhône Group. Expal is based in Madrid and serves the Spanish military, Indian Air Force, and various prime contractors. This acquisition expands Rheinmetall's production capacity for ammunition and provides new fuse and rocket propulsion products.

Prime contractors are giving renewed focus towards rocket, missile, and munitions products given the resurgent threat environment



Acquired by



Closing Date: Q4 2022

Qnnect LLC, a portfolio company of Arcline Investment Management, L.P., completed its acquisition of Hermetic Solutions Group, LLC (HSG) from Windjammer Capital. The acquisition expands Qnnect's portfolio of interconnect solutions and broadens its offerings to hermetic packages. HSG has strong alignment to defense fast streams such as fighters, missiles, & munitions.



Acquired by



Closing Date: Q4 2022

Price: n/a

Revenue: ~\$50M (Co. Est.)

TEV/EBITDA: n/a

PCX Aerosystems, a portfolio company of Greenbriar Equity Group, L.P., acquired Aerospace Drive Systems from The Timken Co. (NYSE: TKR). ADS increases PCX's content on key rotorcraft platforms (e.g., AH-64 Apache, UH-60 Blackhawk, CH-47 Chinook) with a portfolio of flight critical assemblies, sub-assemblies, and components for military and civilian platforms.

Supply chain vulnerabilities became more apparent during the pandemic, presenting increased value on suppliers with attractive platform positions, geographic presence, and a focus on quality



Acquired by



Closing Date: Est. Q1 2023
Price: n/a

Revenue: \$800M
TEV/EBITDA: n/a

Whitcraft and Paradigm Precision announced their intention to merge in Q4 2022. This marks the end of Carlyle's ownership of Paradigm, introduces CD&R as a partial owner of the new entity, and continues Greenbriar's ownership. The merged entity aims to leverage their scale to be a premier supplier of machined aeroengine components. Added scale insulates the entity from overseas competition and OEM pressure.



Acquired by

LATECOERE

Closing Date: Q4 2022
Price: \$147M CAD

Revenue: \$108M CAD
TEV/EBITDA: n/a

Latecoere, a portfolio company of Searchlight capital, continues its consolidation of the aerostructures and interconnect landscapes. Recent key M&A actions include Shimtech Mexico, MADES, Avcorp, and an investment in Figeac Aero Mexico. Avcorp continues Latecoere's strategy of moving inorganically into North America and defense – both of which were not previously Latecoere's core focus.

MEGGITT

Acquired by



Closing Date: Q3 2022
Price: \$8.8B

Revenue: \$2.0B
TEV/EBITDA: n/a

Parker's acquisition of Meggitt is a doubling down in aerospace systems, most notably brakes. Meggitt offers Parker complimentary technology (e.g., fuel tanks, actuation, valves) as well as additional scale. Parker divested their legacy wheel & brake division to Kaman to gain regulatory approval for the deal.

Aerospace manufacturers have consolidated to diversify capabilities, gain scale, and expand into new markets to capture rebounds in commercial demand and increases in defense demand



Acquired by
Signature
FLIGHT SUPPORT
A BBA Aviation company

Closing Date: Q3 2022

Signature continues to expand its global footprint as the world's largest flight service provider, with a network of more than 200 FBO locations. This investment adds 14 locations to the network and expands Signature's footprint in a collection of smaller markets such as Lexington, KY and Knoxville, TN. Continued consolidation of high-quality service locations is likely to bolster the business going forward.



Acquired by



Closing Date: Q1 2022

West Star Aviation is a full-service business jet MRO and modifications provider with four major facilities throughout the central United States. The West Star acquisition re-establishes The Sterling Group's business aviation positioning and provides attractive exposure to the robust business jet airframe MRO and modifications market, which is poised to benefit from enduring tailwinds in private aviation.



Acquired by



Closing Date: Q3 2022

Pilatus acquired its long-time MRO partner to take a more hands-on approach to its highly-important North American aftermarket. The Skytech sale includes two facilities which expand Pilatus' ability to serve East Coast customers. As Pilatus' continued success drives a growing installed base, they will increasingly look for ways to expand their ability to serve warranty work and beyond.

***Sustained Business Aviation tailwinds continue to drive consolidation across MROs and FBOs;
Elevated demand and supply constraints are likely to drive additional deal activity***



Acquired by



Closing Date: Q4 2022

ATL won out in a contested process for Aero Accessories, a provider of complex component repair for commercial operators. The MRO affords ATL a strong foothold in the independent aftermarket, and a strong platform foundation upon which they are expected to build. The Company's footprint in complex hydraulics, fuel, and other accessories presents opportunities to expand into higher assemblies (e.g., landing gear), or adjacent markets (e.g., defense).



Aerospace

****Wheels & Brakes Division**

Acquired by



Closing Date: Q3 2022

Price: \$441M

Revenue: \$70M

TEV/EBIT: 14x

Amid its acquisition of Meggitt, Parker carved out its own Wheels and Brakes division to Kaman. The wheel and brake manufacturing division supports OE and aftermarket requirements across general and business aviation aircraft, military and civil helicopter, and UAV segments. With an estimated installed base of over 400,000 aircraft, Kaman likely saw an opportunity to secure a broad, stable, and long-lived aftermarket portfolio.



Acquired by



Closing Date: Q1 2022

PAG continues to gradually enhance its MRO presence, the Velocity Aerospace acquisition significantly expands PAG's avionics MRO capabilities and adds complex electronics and avionics manufacturing competencies. Velocity's two California facilities add to PAG's existing stronghold in the region and the Company's ability to quickly serve West Coast customers.

Aerospace MRO continues to be a major area of interest among financial sponsors and strategics alike; independent aftermarket providers are expected to remain highly attractive in 2023



Acquired by



Closing Dates: Q1/Q3 2022

FDH continued its acquisitive streak this year with the addition of Calco Aerospace and Electro Enterprises. Calco is a certified distributor of fasteners and hardware for the civil and U.S. federal government aerospace and defense industries. Electro is an exciting addition to the portfolio, deepening FDH's footprint in electrical components and affording new customer access.



Acquired by



Closing Dates: Q1 2022

Triman meaningfully expanded its military aftermarket supply chain offerings with two acquisitions. Brighton Cromwell brings integrated supporting channels and strong government customer ties, while CTG bolsters Triman's legacy aircraft and obsolescence management (DMSMS) qualifications. The combined entity is increasingly a player of scale to watch.

Larger players continue to consolidate specialty aerospace distributors, expanding portfolio product breadth and lifecycle exposure



Acquired by

TEXTRON

Closing Date: Q2 2022

Price: \$235M

Revenue: €32M (2020)

TEV/EBITDA: N/A

Pipistrel's Velis Electro is a fully certified, lightweight, and long-endurance electric aircraft – certified by EASA and in use by the DoD for ISR. The acquisition allows Textron access to Pipistrel's existing proven portfolio and development pipeline, while accelerating autonomy efforts. Opportunity for TXT to accelerate adoption of Pipistrel's cargo-carrying, low-cost electric UAVs and drones for civil and military use.



Acquired by



Funding Date: Q1 2022

Price: \$450M

Wisk is developing Advanced Air Mobility self-flying air taxis. Previous undisclosed funding rounds were led by Boeing and Kitty Hawk through a joint venture. Wisk's 6th generation aircraft is an early candidate for FAA certification of an autonomous eVTOL passenger air taxi. Boeing appears to have put its full weight behind Wisk as Kitty Hawk closed its doors in Q3 and plans to achieve entry into service within five years.

OEM investments in aviation sustainability pursue a near-to-medium term path to certification and adoption; airlines remain focused on early-stage transformative technologies



Acquired by



جهاز قطر للاستثمار
QATAR INVESTMENT AUTHORITY

Closing Date: Q1 2022

Onex Corp. sold a minority stake in Advanced Integration Technology (AIT) to the Qatar Investment Authority (QIA), the sovereign wealth fund of the State of Qatar. AIT is a Texas-based provider of automation, factory integration and tooling solutions to the aerospace, defense, and space launch vehicle industries. QIA holds an estimated \$300B USD in assets and the AIT deal is the sovereign wealth fund's fifth investment in 2022. The value of the stake sold was not disclosed.



Acquired by



Closing Date: Q3 2022

Price: \$927M

Revenue: \$1.35B
TEV/EBITDA: n/a

Agility, a Kuwait City-based supply chain services, infrastructure and innovation company, acquired UK-based John Menzies PLC for \$926.8M (£763M). Agility will merge the acquired business with National Aviation Services (NAS) and operate it as Menzies Aviation to provide fuel services, ground services, and air cargo services at airports on six continents. Combined revenues of Menzies and NAS exceeded \$1.5B in 2021, creating the third largest airport services company by revenue.

AIT and Menzies represent foreign investment in traditionally sensitive sectors of the U.S. and allied economies – defense and transportation