

# Market Insights

*Aerospace, Defense, & Government Services*



Investment Banking

Valuation Advisory

Management Consulting

Investing

## Q2 Quarterly Newsletter



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FON Corporate Finance, LLC

Aerospace, Defense & Government Services

Q2 Market Insight

## *1. Executive Summary*





## Executive Summary – CV19 Dominates the Headlines During Q2

- > Due to the COVID-19 pandemic, heightened uncertainty on recovery times and tightened credit markets, **ADG M&A deal volume in Q2 2020 decreased by 45%** in comparison to Q2 2019, and by 38% in comparison to Q1 2020<sup>(1)</sup>
  - > **The government services sector has been the most resistant** to these market conditions seeing only a 14% decline in deal activity over Q1 2020 and a 33% decline from Q2 2019<sup>(1)</sup>
  - > Social distancing measures and contact **restrictions add complexities to the M&A process** from preparation through due diligence and are extending process timelines
- > **Public equities have rebounded** from their Q1 lows, but most have not yet recovered to the pre-COVID-19 levels
- > The first part of the quarter saw M&A take a back seat for strategic buyers, as they focused on **understanding the impact on internal operations** – from revenue to how to communicate and manage a remote workforce more effectively
- > The second half of the quarter has seen **strategic companies start joining private equity groups as participants** in acquisition discussions as they began to focus on where M&A could address changing strategic priorities
- > Despite rebounding public equity markets, **there remains significant uncertainty about the long-term economic outlook:**
  - > In March and April, Congress passed 4 bills providing \$3 trillion in COVID-19 response funding
  - > There is continued pressure from small businesses and individuals for additional protections and support
  - > U.S. unemployment rates have been slowly recovering since they skyrocketed to 14.7% in early April<sup>(2)</sup>

## Market Outlook - Q3 and Beyond

- > Public market valuations for the Aerospace, Defense, and Government Services remain down from 2019 highs but are outperforming the market recovery
  - > **Performance has been led by service-focused contractors**, aerospace and large-platform primes have lagged
- > Most industry **private equity market participants** are eagerly looking to deploy dry powder and pursue new deals
- > The growing optimistic sentiment surrounding **credit markets** is expected to support increased Q3 and Q4 M&A activity
- > Speculation around a second wave of COVID-19 and **recent surges in cases continue to hinder** both the government and its contractors – limiting face to face meetings, contract awards, site visits, and industry days
  - > There are exceptions – contracting offices such as the ACC are seeing increases in contract awards and funding even with most of their workforce being remote
  - > Indirect costs are expected to contract as **many companies look to permanently reduce office space** and support long-term remote work
- > The possibility of a stimulus package directed to the **Defense Industrial Base ("DIB")** continues to grow
- > The **commercial aerospace market** has been seriously impacted as both domestic and global travel restrictions significantly decreased travel
- > Government officials believe the **recession resulting from the COVID-19 pandemic** is likely to exceed the 2008-2009 recession in scope and duration
- > Congress will begin examining the **long-term effects of the stimulus packages** but will not establish significant budget controls until after FY 2022

## COVID-19 Forcing Significant Events to Go Virtual

With social distancing rules in place around the country, most industry gatherings have been moved to a virtual setting. This includes some of the industry's largest conferences like AUSA as well as contract specific industry days or customer specific briefings or site visits.

### AUSA Annual Meeting & Exposition

- > Annual educational, informational, and networking event led by army senior leaders, government officials, industry leaders, and veterans among others
- > Taking place virtually in October

[Click here for more information](#)

### Space & Missile Defense Symposium

- > Leading educational, professional development and networking event in the space and missile defense community
- > Taking place virtually from Tuesday, August 4<sup>th</sup> to Thursday, August 6<sup>th</sup>

[Click to register](#)

### AUVSI Pathfinder Symposium

- > Association for Unmanned Vehicle Systems International yearly symposium including meetings, seminars, and networking events with military, political, and industry leaders
- > Taking place virtually from Tuesday, August 18<sup>th</sup> to Wednesday, August 19<sup>th</sup>

[Click to register](#)

### USGIF GEOINTegration Summit

- > The summit brings together academic, government, and industry experts to discuss and dig deeper into geospatial education, transformation, and professional development
- > Taking place virtually from Monday, September 28<sup>th</sup> to Tuesday, September 29<sup>th</sup>

[Click to register soon](#)

### SID Annual Conference

- > Annual networking conference on international development including speakers from all sectors of development such as NGO's, contractors, large corporation and others
- > Taking place virtually from Wednesday, October 7<sup>th</sup> to Thursday, October 8<sup>th</sup>

[Click here for more information](#)



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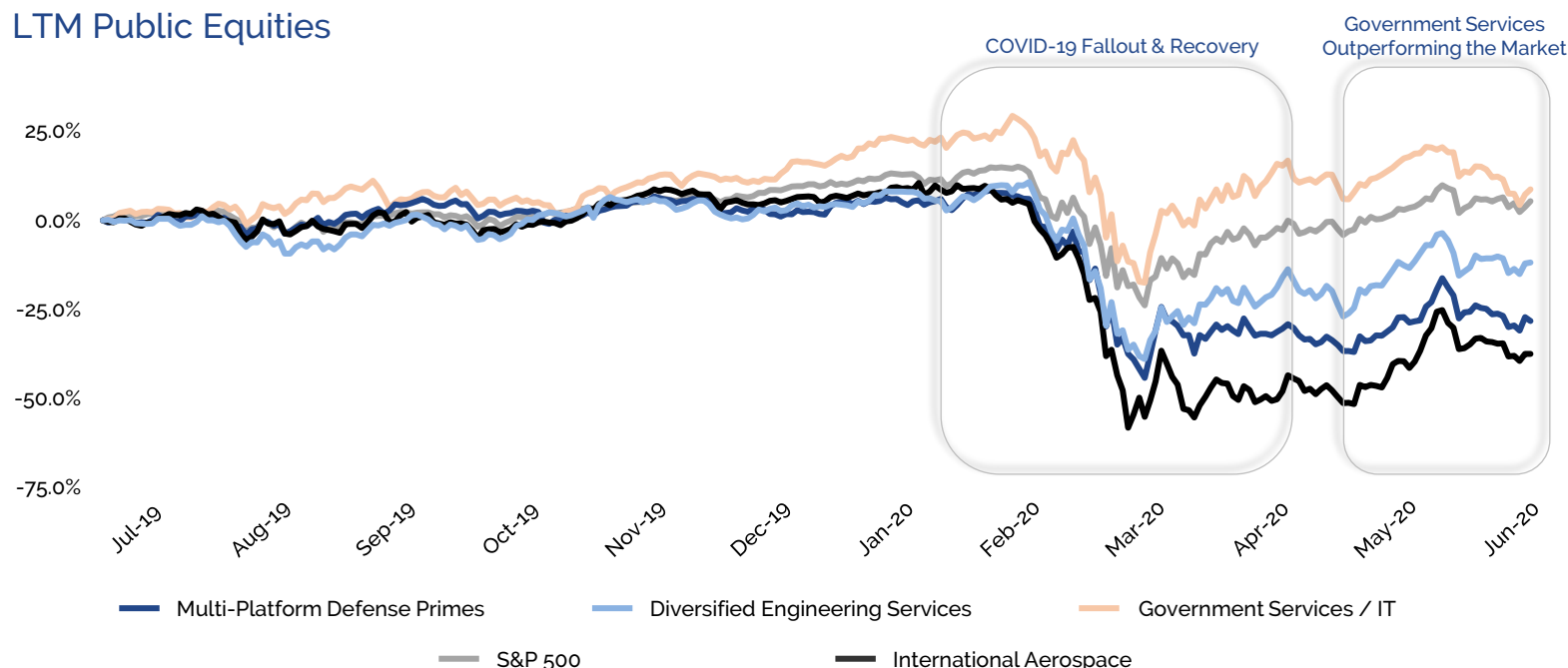
Q2 Market Insight

## *2. Capital Markets Overview*



## Capital Markets Performance<sup>(1)</sup>

### LTM Public Equities



## Relevant Commentary

- Historically, the Government Services market has benefitted from **steady growth in the overall federal budget** that provides significant funding visibility to federal contractors
  - Federal spend continues to grow due in large part to increases in the Defense budget
- Global equity indices displayed sharp declines during the end of the first quarter of 2020 as the COVID-19 pandemic led to widespread risk and uncertainties around expected financial performance
- Equity markets have rebounded from their lows, but most have not yet recovered to the pre-COVID-19 levels
- Government Services / IT and Index has outperformed the S&P 500** over the last twelve months by ~4%. However, the **Multi-Platform Prime Contractors and International Aerospace indices have significantly underperformed** the S&P 500 by ~34% and ~43% respectively – a fact driven by the pandemic effects on the large commercial aerospace and engineering services market participants
- Federal stimulus packages** are providing credit facilities and liquidity to businesses and individuals – the consensus remains that there is more support needed
- Commercial banks and less traditional lenders are **all requiring higher returns** to compensate for the added risk and uncertainty within the marketplace

## ADG Publicly Traded Companies<sup>(1)</sup>

| Government IT & Services                 | Ticker  | Stock Price |            | % of         | LTM             |                 |                 |                |               |               |
|--|---------|-------------|------------|--------------|-----------------|-----------------|-----------------|----------------|---------------|---------------|
|  |         | 6/25/2020   | 06/30/2020 |              | Market Cap      | E / V           | Revenue         | EBITDA         | Debt / EBITDA | EV / EBITDA   |
| Booz Allen Hamilton Inc.                 | BAH     | \$77.53     | \$77.79    | 94.6%        | \$10,748        | \$12,512        | \$7,464         | \$751          | 3.08x         | 16.67x        |
| CACI International Inc.                  | CACI    | 219         | 216.88     | 75.2%        | 5,441           | 7,191           | 5,598           | 514            | 3.54x         | 13.99x        |
| ICF Inc.                                 | ICFI    | 62.39       | 64.83      | 68.1%        | 1,221           | 1,841           | 1,496           | 125            | 3.52x         | 14.70x        |
| Leidos, Inc.                             | LDOS    | 92.72       | 93.67      | 74.4%        | 13,305          | 17,601          | 11,406          | 1,130          | 3.19x         | 15.58x        |
| ManTech International Corporation        | MANT    | 66.03       | 68.49      | 72.9%        | 2,757           | 2,911           | 2,332           | 208            | 0.92x         | 13.99x        |
| Perspecta Inc.                           | PRSP    | 22.93       | 23.23      | 77.7%        | 3,732           | 6,372           | 4,504           | (219)          | N/M           | N/M           |
| Science Applications International Corp. | SAIC    | 75.43       | 77.68      | 80.2%        | 4,515           | 7,408           | 6,521           | 495            | 4.51x         | 15.06x        |
| VSE Corporation                          | VSEC    | 27.57       | 31.39      | 76.3%        | 347             | 645             | 760             | 84             | 3.55x         | 7.66x         |
| Vectrus Inc                              | VEC     | 47.62       | 49.13      | 82.9%        | 569             | 606             | 1,408           | 61             | 1.62x         | 9.97x         |
| <b>Median</b>                            |         |             |            | <b>76.3%</b> | <b>\$3,732</b>  | <b>\$6,372</b>  | <b>\$4,504</b>  | <b>\$208</b>   | <b>3.36x</b>  | <b>14.35x</b> |
| <b>Average</b>                           |         |             |            | <b>78.0%</b> | <b>\$4,737</b>  | <b>\$6,343</b>  | <b>\$4,610</b>  | <b>\$350</b>   | <b>2.99x</b>  | <b>13.45x</b> |
| <b>Multi-Platform Defense Primes</b>     |         |             |            |              |                 |                 |                 |                |               |               |
| BAE Systems Plc                          | BA.     | \$6.03      | \$5.95     | 68.7%        | \$19,134        | \$22,108        | \$23,354        | \$3,264        | 1.84x         | 6.77x         |
| Boeing Co.                               | BA      | 174.88      | 183.3      | 46.9%        | 103,441         | 127,146         | 70,550          | (2,928)        | N/M           | N/M           |
| General Dynamics Corporation             | GD      | 146.96      | 149.46     | 77.1%        | 42,875          | 56,957          | 38,838          | 5,421          | 2.88x         | 10.51x        |
| Honeywell International Inc.             | HON     | 142.46      | 144.59     | 78.6%        | 101,480         | 109,029         | 36,288          | 8,835          | 1.90x         | 12.34x        |
| L3 Harris Technologies, Inc.             | LHX     | 170.79      | 169.67     | 73.5%        | 36,627          | 44,014          | 15,754          | 2,393          | 3.31x         | 18.39x        |
| Lockheed Martin Corporation              | LMT     | 362.82      | 364.92     | 82.5%        | 102,336         | 113,078         | 61,127          | 9,169          | 1.45x         | 12.33x        |
| Northrop-Grumman Corporation             | NOC     | 301.75      | 307.44     | 79.9%        | 51,251          | 65,342          | 34,272          | 4,095          | 3.73x         | 15.70x        |
| Raytheon Technologies Corporation        | RTX     | 61.06       | 61.62      | 61.8%        | 93,364          | 136,427         | 76,891          | 12,757         | 3.70x         | 10.69x        |
| <b>Median</b>                            |         |             |            | <b>75.3%</b> | <b>\$72,308</b> | <b>\$87,186</b> | <b>\$37,563</b> | <b>\$4,758</b> | <b>2.88x</b>  | <b>12.33x</b> |
| <b>Average</b>                           |         |             |            | <b>71.1%</b> | <b>\$68,814</b> | <b>\$84,263</b> | <b>\$44,634</b> | <b>\$5,376</b> | <b>2.69x</b>  | <b>12.39x</b> |
| <b>International Aerospace</b>           |         |             |            |              |                 |                 |                 |                |               |               |
| Airbus Group Inc.                        | PAR:AIR | \$71.91     | \$71.44    | 46.3%        | \$56,013        | \$62,608        | \$76,192        | \$4,144        | 3.20x         | 15.11x        |
| AMETEK, Inc.                             | AME     | 87.14       | 89.37      | 87.4%        | 20,504          | 22,678          | 5,073           | 1,495          | 1.87x         | 15.17x        |
| Astronics Corporation                    | ATRO    | 10.08       | 10.56      | 25.1%        | 322             | 492             | 722             | (63)           | N/M           | N/M           |
| Bombardier, Inc.                         | BBD.B   | 0.32        | 0.31       | 17.3%        | 789             | 10,267          | 15,932          | (847)          | N/M           | N/M           |
| Empresa Brasileira De Aeronautica S.A.   | EMBR3   | 1.52        | 1.50       | 28.6%        | 1,101           | 2,654           | 5,273           | 81             | 29.59x        | 32.65x        |
| Moog Inc.                                | MOG.A   | 48.71       | 52.98      | 54.9%        | 1,745           | 2,723           | 3,026           | 374            | 2.44x         | 7.28x         |
| MTU Aero Engines AG                      | ETR:MTX | 168.08      | 173.37     | 54.2%        | 9,205           | 10,051          | 5,181           | 1,073          | 0.81x         | 9.37x         |
| Safran Group SA                          | SAF     | 100.02      | 100.34     | 60.0%        | 42,651          | 48,124          | 28,096          | 5,763          | 1.34x         | 8.35x         |
| Spirit AeroSystems Holdings, Inc.        | SPR     | 23.49       | 23.94      | 25.8%        | 2,527           | 3,772           | 6,973           | 558            | 4.61x         | 6.76x         |
| TransDigm Group, Inc.                    | TDG     | 436         | 442.05     | 65.6%        | 23,903          | 39,801          | 5,942           | 2,455          | 7.17x         | 16.23x        |
| Triumph Group, Inc.                      | TGI     | 8.6         | 9.01       | 30.7%        | 468             | 1,857           | 2,900           | 238            | 6.45x         | 7.81x         |
| <b>Median</b>                            |         |             |            | <b>46.3%</b> | <b>\$2,527</b>  | <b>\$10,051</b> | <b>\$5,273</b>  | <b>\$558</b>   | <b>3.20x</b>  | <b>9.37x</b>  |
| <b>Average</b>                           |         |             |            | <b>45.1%</b> | <b>\$14,475</b> | <b>\$18,639</b> | <b>\$14,119</b> | <b>\$1,388</b> | <b>6.39x</b>  | <b>13.19x</b> |
| <b>Diversified Engineering Services</b>  |         |             |            |              |                 |                 |                 |                |               |               |
| ABM Industries, Inc.                     | ABM     | \$35.73     | \$36.30    | 85.1%        | \$2,420         | \$3,238         | \$6,504         | \$158          | 6.44x         | 20.45x        |
| Aecom Technology Corporation             | ACM     | 35.99       | 37.58      | 71.7%        | 6,016           | 7,885           | 16,577          | 244            | 14.92x        | 32.32x        |
| Dycom Industries, Inc.                   | DY      | 39.65       | 40.89      | 68.4%        | 1,294           | 2,108           | 3,320           | 266            | 4.07x         | 7.91x         |
| EMCOR Group Inc                          | EME     | 62.98       | 66.14      | 70.7%        | 3,628           | 4,037           | 9,316           | 563            | 1.04x         | 7.17x         |
| Fluor Corporation                        | FLR     | 13.02       | 12.08      | 35.9%        | 1,693           | 1,647           | 18,520          | (517)          | N/M           | N/M           |
| Jacobs Engineering Group, Inc.           | J       | 83.64       | 84.8       | 81.5%        | 11,033          | 12,527          | 13,350          | 452            | 4.52x         | 27.72x        |
| KBR Inc                                  | KBR     | 22.73       | 22.55      | 70.6%        | 3,209           | 3,940           | 5,836           | 328            | 4.40x         | 12.01x        |
| MasTec, Inc.                             | MTZ     | 43.47       | 44.87      | 60.9%        | 3,309           | 4,885           | 7,081           | 801            | 2.08x         | 6.10x         |
| Parsons Corporation.                     | PSN     | 36.22       | 36.24      | 79.8%        | 3,648           | 4,129           | 4,021           | 217            | 2.70x         | 19.00x        |
| Serco Group Plc                          | SRP     | 1.89        | 1.88       | 84.4%        | 2,315           | 3,085           | 4,144           | 254            | 2.23x         | 12.16x        |
| Tetra Tech, Inc.                         | TTEK    | 74.49       | 79.12      | 79.6%        | 4,275           | 4,768           | 3,199           | 223            | 1.87x         | 21.36x        |
| <b>Median</b>                            |         |             |            | <b>71.7%</b> | <b>\$3,309</b>  | <b>\$4,037</b>  | <b>\$6,504</b>  | <b>\$254</b>   | <b>3.38x</b>  | <b>15.58x</b> |
| <b>Average</b>                           |         |             |            | <b>71.7%</b> | <b>\$3,894</b>  | <b>\$4,750</b>  | <b>\$8,352</b>  | <b>\$272</b>   | <b>4.43x</b>  | <b>16.62x</b> |

Source: (1) Pitchbook; Note: \$ in millions, except price per share





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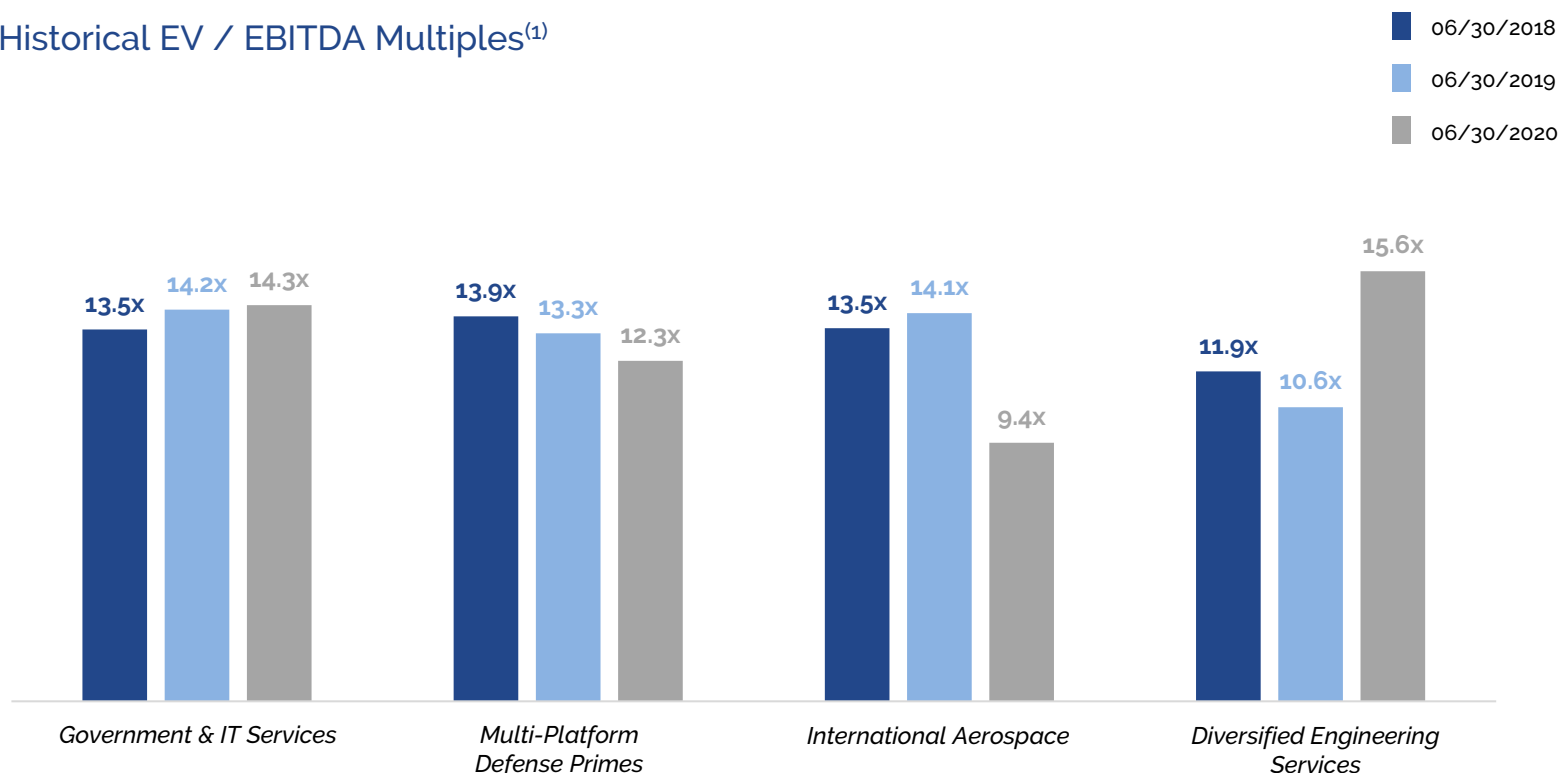
### *3. M&A and Valuation Summary*





## Market Valuation Backdrop

### Historical EV / EBITDA Multiples<sup>(1)</sup>



## Relevant Commentary

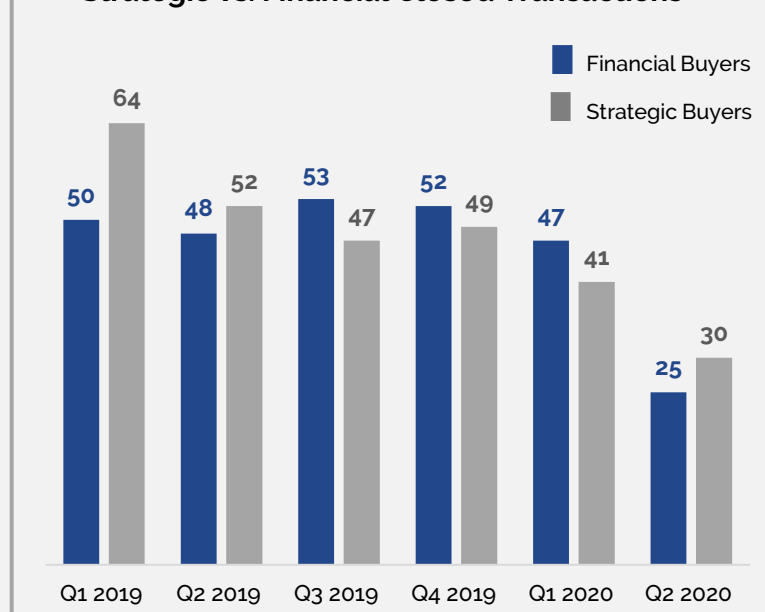
- > Government **IT Services** valuation multiples increased slightly for the third year in a row to 14.3x EBITDA reflecting continued investor confidence
- > As a result of the uncertainty and the significant short and long-term expected economic impact, the international aerospace and multi-platform defense subsectors have experienced significant valuation declines
  - > The international aerospace subsector experienced a 4.7x valuation decrease; largely in part due to travel restrictions and mandated quarantines affecting demand for additional products and services
  - > The multi-platform defense subsector saw a 1.0x valuation decrease with notable players such as Boeing lagging behind due to its exposure to commercial aerospace
- > The diversified **engineering services** public valuations have risen significantly due to goodwill and asset impairments by firms such as AECOM, which has deflated its EBITDA

## M&A Activity By Buyer Type

### Relevant Commentary

- > **The start of 2020** saw financial and strategic M&A activity on track to reach new highs but both have seen significant declines since the beginning of the pandemic
- > Financial sponsors have **raised significant amounts of capital** in recent years, which they are eager to deploy
- > **Credit markets** essentially shut down for a period of time with the start of the PPP loans
  - > Due to uncertainty and risk surrounding COVID-19, lending continues to be harder to obtain and more expensive
  - > PEGs are looking at unique opportunities to be competitive and over-equitize deal structures with the assumption they will refinance following normalization of the debt capital markets
- > Both strategic buyers and financial sponsors have shifted some **focus towards internal operations** and portfolio management as they seek to weather the storm

### Strategic vs. Financial Closed Transactions<sup>(1)</sup>

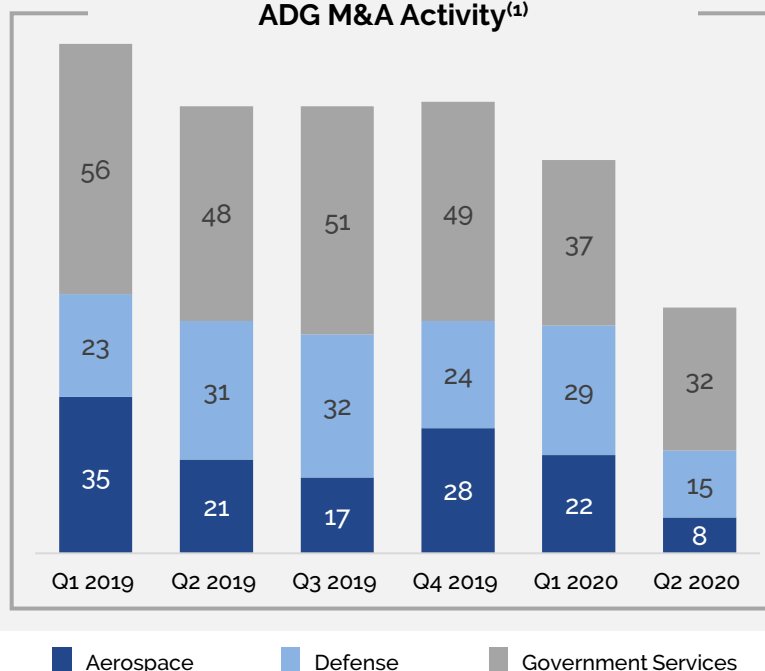


## M&A Activity By Industry Subsector

### Relevant Commentary

- > **M&A activity remains sluggish** regardless of the sector with a 38% decline in comparison to Q1
  - > The government services sector saw a 14% decline in deal flow but it is down 33% from Q2 2019
  - > Q2 **Defense deals were half the level of Q1** and aerospace deals were down over 60% vs Q1
  - > Government services remains the most attractive sector despite the current market backdrop due to predictable revenue streams and lack of supply-chain disruption
- > Globally, many **M&A deals have been delayed** until access to capital loosens up while processes that have already been launched are experiencing elongated due diligence phases and negotiations

### ADG M&A Activity<sup>(1)</sup>



■ Aerospace ■ Defense ■ Government Services

## Notable Q2 Transactions

### Aerospace



Date Acquired: June 2020

EV: NA

AE Industrial Partners will look to combine Deep Space Systems with recently acquired Adcole Space to form a new platform focusing on mission critical systems for the aerospace sector.

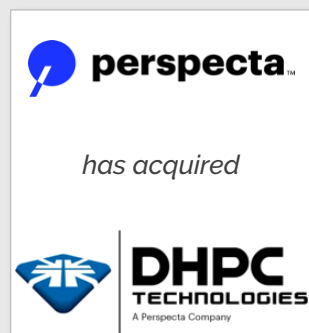


Date Acquired: June 2020

EV: NA

Gardner Standard's acquisition of Shadin Avionics solidifies its position as a financial sponsor in the aerospace sector, adding a company with a full suite of support services and electronic integration systems to its portfolio.

### Defense



Date Acquired: May 2020

EV: ~53 million

The acquisition allows Perspecta to offer a comprehensive service offering to the emerging area of electronic warfare, while gaining market share within the Army contracting space.



Date Acquired: May 2020

EV: NA

Altair will look to leverage WRAPS software for spectrum management and radio network planning in order to fortify its software portfolio and wireless communications.

### Government Services



Date Acquired: June 2020

EV: NA

The Carlyle Group has re-acquired Unison and is expected to accelerate Unison's focus on bringing "Applied Innovation" to the government sector.



Date Acquired: June 2020

EV: NA

Arlington Capital Partners will look to leverage their operational insights and benefit from J&J's large number of active joint ventures, providing a diversified stream of recurring revenue.





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## *4. About FON Corporate Finance*





**FON Corporate Finance, LLC**

*Trusted Advisors to the Middle Market*

**Investment Banking**

Valuation Advisory

Management Consulting

Investing



## FON Corporate Finance – Who We Are...

FON Corporate Finance (“FON CF”) is a middle-market investment bank that provides objective strategic and financial advice to its broad array of clients in the Aerospace, Defense & Government Industry. We specialize in providing mergers and acquisitions advice, private capital raising, and other financial advisory services to family-owned businesses, divisions of large corporate parents, and portfolio companies of private equity firms.

### KEY OFFERINGS

- > Sell-Side Mergers & Acquisitions
- > Buy-Side Support
- > Corporate Divestitures
- > Employee Stock Ownership Plan (ESOP)
- > Management Buyout (MBO)
- > Leveraged Buyouts (LBO)
- > Debt & Equity Recapitalizations

### PRIMARY SECTOR FOCUS

- > IT, Software & Consulting Services
- > Intelligence Community Support
- > Technical & Professional Services
- > Defense Products & Manufacturing
- > Cybersecurity
- > C4ISR
- > Healthcare IT
- > Cloud Computing Technology

FON CF is known for its deal-making experience, deep industry insight, and the highest level of service when addressing the demands of complex financial and strategic business matters. Our services are built on comprehensive industry knowledge, extensive transaction experience, senior-level attention to every client engagement, and a real-time understanding of industry-specific value drivers. By partnering with clients and providing strategic advice through every phase of a company's development, FON CF is uniquely positioned to support our clients' long-term success.

FON CF is a subsidiary of FON Advisors, LLC, an entrepreneurial global advisory firm that provides corporate finance, valuation advisory, and management consulting services to the ADG industry. FON is proud to serve as a trusted advisor to corporations, government agencies, investors and capital providers and has assisted clients in staying at the forefront of innovation and execution so they can achieve their strategic goals. FON's services are built on comprehensive industry knowledge, extensive transaction experience, senior-level attention to every client engagement, and a real-time understanding of industry-specific value drivers.

## Select Transaction Experience



**Jason Frank, Chief Executive Officer**  
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## *5. Appendix – Recent Transactions and Contracts*





## Appendix | Recent M&A Transactions

| Close Date | Target Name                               | Target Description  | Acquirer  | Seller                           |
|------------|---|---|---|----------------------------------|
| 6/30/2020  | CPI ASC Signal Division, Inc.             | CPI ASC Signal Division, Inc. (ASC) is a manufacturer of high-performance, highly engineered antenna systems for satellite communications, radar, electronic warfare (EW), and high-frequency (HF) applications.  | Kratos Defense & Security Solutions, Inc.                       | Odyssey Investment Partners, LLC |
| 6/29/2020  | Unison, Inc.                              | Unison, Inc. is a provider of procurement, supply chain, and contract management software to Federal government agencies and government contractors.  | Carlyle Group, The  | Abry Partners                    |
| 6/26/2020  | Rivet Logic Corp.                         | Rivet Logic Corp. is a consulting, design, and systems integration firm that helps organizations build digital experiences, and the solutions to manage and optimize them.  | VariQ Corp.   | Private                          |
| 6/23/2020  | Shadin, L.P. d.b.a Shadin Avionics        | Shadin Avionics designs, manufactures, and provides support services for fuel flow systems, engine trend monitoring, altitude management systems, and other instrumentation for turbine, piston and rotor aircraft for the military, general and corporate aviation markets.  | Gardner Standard, LLC   | The Wright Group                 |
| 6/23/2020  | Corbett Technology Solutions, Inc. (CTSI) | Corbett Technology Solutions, Inc. (CTSI) is a provider of integrated technology solutions to corporate, government, healthcare, educational, and multi-unit living facilities. The company specializes in the design, installation, and implementation of customized technology solutions in the areas of audiovisual & collaboration, healthcare, and education among others. | Wind Point Partners   | Tower Arch Capital, LLC          |
| 6/22/2020  | NuWave Solutions, LLC                     | NuWave Solutions, LLC is a provider of data management, advanced analytics, artificial intelligence, machine learning and cloud solutions delivering anticipatory intelligence and advanced decision support solutions and technologies to the federal government.  | AE Industrial Partners, LP                                      | Private                          |
| 6/19/2020  | Anistar Technologies, Inc.                | Anistar is a national staffing company that sources highly skilled, hard-to-find professionals in the low-voltage and technology infrastructure sectors for consulting contract placement, direct permanent placement and/or contract to permanent placement assignments.   | White Wolf Capital, LLC<br>[NSC Technologies, LLC (NSC)]        | Private                          |
| 6/18/2020  | Flightdocs, Inc.                          | Flightdocs, Inc. provides mission-critical, cloud-based maintenance, compliance, and inventory management Software as a Service (SaaS) solutions to the aviation industry.  | ParkerGale Capital, LP<br>[Aircraft Technical Publishers (ATP)] | Argentum Group                   |
| 6/16/2020  | Heneghan Wrecking & Excavating Co., Inc.  | Heneghan Wrecking & Excavating Co., Inc. is a provider of complete structural and interior deconstruction, excavation and emergency response services for commercial and industrial clients across the Midwest.   | J.F. Lehman & Co. [NorthStar Group Services, Inc.]              | Private                          |
| 6/16/2020  | Applications Technology (AppTek), LLC     | Applications Technology (AppTek), LLC specializes in artificial intelligence and machine learning for automatic speech recognition (ASR), machine translation (MT), and natural language understanding (NLU).   | SOS International LLC (SOSi)                                    | Private                          |
| 6/11/2020  | J&J Maintenance, Inc.                     | J & J Maintenance, Inc., doing business as J & J Worldwide Services is a provider of facilities support services to the government sector. The company's service areas include Environmental, Operations & Maintenance, Base Operations & Support, Engineering Services, and Medical Maintenance.   | Arlington Capital Partners                                      | Private                          |
| 6/11/2020  | Rocky Mountain Hydrostatics, LLC          | Rocky Mountain Hydrostatics, LLC is a naval hydraulic systems specialist. The company overhauls industrial pumps, motors and other hydraulic units with a focus on the support of legacy systems for the US Navy.   | HEICO Corp.   | Jordan Investments Inc.          |
| 6/10/2020  | Interpreting Technology                   | Interpreting Technology is an IT services and support company. Cyemptive plans to expand its offerings and overall footprint by utilizing Interpreting Technology's expertise in customer service, computer forensics and cyber compliance.   | Cyemptive Technologies, Inc.                                    | Private                          |

Source: Dacis DM&amp;A

## Appendix | Recent M&A Transactions

| Close Date | Target Name   | Target Description   | Acquirer  | Seller                                  |
|------------|---|--|---|---|
| 6/10/2020  | WaveStrike, LLC   | WaveStrike, LLC is a provider of software engineering services, big data analytics, cloud computing, data visualization, and technology solutions to national security customers.  | Carlyle Group, The [Novetta Solutions, LLC]                       | Private                                 |
| 6/8/2020   | Career Technologies USA   | Career Technologies is a provider of engineering and manufacturing solutions. The company focuses on integrating various materials and components for demanding applications and technologies, including flexible and rigid-flex circuits and related assemblies.  | Arsenal Capital Partners [Fralock]                                | Private                                 |
| 6/8/2020   | Skyline Ultd, Inc.  | Skyline Ultd, Inc. is a professional services provider to federal, state and local agencies. Skyline provides staff augmentation and information technology services to various government agencies.   | Central Research, Inc. (CRI)                                      | Private                                 |
| 6/8/2020   | Lucid Perspectives, LLC   | Lucid Perspectives, LLC is a provider of software development and systems engineering solutions to the Intelligence Community, specializing in software, cyber, network and systems engineering.   | NewSpring Holdings [E3/Sentinel]                                  | Private                                 |
| 6/7/2020   | Aerobiology Laboratory Associates, Inc.   | Aerobiology Laboratory Associates, Inc., is the leading environmental microbiology testing laboratory; specializing in microbial indoor air quality services   | Aurora Capital Partners [Pace Analytical Services, LLC]           | Private                                 |
| 6/5/2020   | General Dynamics Mission Systems, Inc. [SATCOM Technologies]                            | SATCOM Technologies designs, manufactures and installs satellite communications antenna systems used in commercial, defense and scientific applications, as well as provides related radio frequency products and electronics, including feed components, amplifiers, converters, antenna control systems, and engineering services. | Odyssey Investment Partners, LLC [CPI International, Inc. (CPII)] | General Dynamics Corp.                  |
| 6/4/2020   | IJK Controls, LLC   | IJK Controls is a provider of innovative solutions for stabilization, pointing and tracking of cameras, sensors and antennas.  | General Atomics Corp.   | Private                                 |
| 6/3/2020   | Five Talent Software, Inc.  | Five Talent Software, Inc. is a technology consultancy and custom software modernization and development firm. Five Talent collaborates with customers to design, develop, and architect applications built using DevOps methodologies that integrate best practices and drive innovation.   | Lumerity Capital [Effectual, Inc.]                                | Private                                 |
| 6/2/2020   | Cobham RAD Inc.   | Cobham RAD Inc. is a provider of military standard (MIL-STD) radiation effects test services, heavy ion single event effects (SEE) testing, device preparation services prior to test, device screening and element evaluation, and quick turn prototype integrated circuit (IC) assembly.   | Radiation Test Solutions, Inc. (RTS)                              | Advent International Corp. / Cobham Ltd |
| 6/1/2020   | Deep Space Systems, Inc. (DSS)  | Deep Space Systems, Inc. (DSS) provides mission-critical payloads, systems, and components. The company supports the design, development, integration, testing, and operations of advanced space systems, components, and exploration spacecraft.  | AE Industrial Partners, LP (AEI) [Redwire, LLC]                   | Private                                 |
| 6/1/2020   | Compuware Corp.   | Compuware Corp. is a provider of mainframe application development, delivery, and support solutions. The company provides innovative software that enables IT professionals with mainstream skills to develop, deliver and support mainframe applications with ease and agility.   | KKR & Co. L.P. [BMC Software, Inc.]                               | Thoma Bravo                             |
| 5/19/2020  | L3Harris Technologies, Inc. [Applied Kilovolts and Analytical Instrumentation business] | The L3Harris Analytical Instrumentation business is a provider of precise and reliable power supplies and ion detectors at the heart of critical analytical instrumentation commonly used in fields as diverse as biotechnology, materials science, healthcare, forensics, environmental sciences, and homeland security.            | Ampersand Capital Partners [Adaptas Solutions, LLC]               | L3Harris Technologies, Inc. (NYSE:LHX)  |
| 5/19/2020  | Cyberbit Ltd.   | Cyberbit Ltd secures enterprises and critical infrastructure against advanced cyber threats, providing a unified, suite of cyber range platforms for threat detection, incident response, and simulated training, across IT, OT, and IoT.  | Charlesbank Capital Partners                                      | Private                                 |

Source: Dacis DM&amp;A

## Appendix | Recent M&A Transactions

| Close Date | Target Name  | Target Description   | Acquirer  | Seller                                 |
|------------|--|--|---|--|
| 5/18/2020  | IMPAQ, LLC   | IMPAQ, LLC is a global policy research, analytics, and implementation firm providing rigorous research and implementation in the areas of health and workforce development, as well as the education, international and human services sectors. The company also has expertise in advanced analytics and the use of technology, including artificial intelligence and machine learning, as well as training and learning solutions.  | American Institutes for Research (AIR)                                    | Private                                |
| 5/18/2020  | Enterprise Information Services, LLC (EIS)                                   | Enterprise Information Services, LLC (EIS) is a mid-tier solutions integrator, providing cybersecurity, biometrics, application development, cloud migration, IT operations, and program management support to numerous government agencies.   | Cognosante Holdings, LLC  | Private                                |
| 5/12/2020  | OnLocation, Inc.   | OnLocation is a management consulting firm providing technical, economic, and financial counsel in both the private and public sectors, with a focus on energy and environmental policy.   | IIA Technologies Corp. (KeyLogic Systems, Inc.)                           | Private                                |
| 5/7/2020   | WRAP International AB (spectrum management, radio network planning business) | WRAP is a world-leading software technology for spectrum management and radio network planning for civil and defense organizations. The WRAP software covers a wide range of applications with focus on controlling radio spectrum assets for maximum utilization, including radio planning, interference, and coverage calculations.  | Altair Engineering, Inc.  | WRAP International AB                  |
| 5/6/2020   | Tethers Unlimited, Inc. (TUI)  | Tethers Unlimited, Inc. (TUI) is a provider of new space solutions for the small satellite market. TUI has pioneered an array of innovative space technologies, including software defined radios for satellite communications and mesh networks, robotic systems for in-space servicing and manufacturing and assembly, and advanced propulsion solutions for orbital maneuvering and orbital debris mitigation.  | Blackstone Group, L.P., The (AMERGINT Technologies Holdings, Inc.)        | Private                                |
| 5/6/2020   | Signature Management Group   | The Signature Management Group develops, tests, and implements signature management solutions and technologies for numerous federal agencies   | Applied Research Associates, Inc. (ARA)                                   | Concurrent Technologies Corp.          |
| 5/6/2020   | Delta Solutions and Strategies, LLC (GSA Contract, Business)                 | The Delta Solutions and Strategies business unit acquired by Intrepid Solutions and Services consists of the assets in the General Services Administration ("GSA") One Acquisition Solution for Integrated Services ("OASIS") Pool 4 contract vehicle. The OASIS SB contract is designed to address agencies' needs for a full range of service requirements that integrate multiple professional service disciplines and ancillary services/products with the flexibility for all contract types and pricing at the task order level. | Bluestone Investment Partners, LLC (Intrepid Solutions and Services, LLC) | Delta Solutions and Strategies, LLC    |
| 5/5/2020   | Two Springs Consulting, LLC  | Two Springs Consulting, LLC is a provider of professional Geographic Information Systems (GIS) and Global Positioning Systems (GPS) consulting services and environmental and civic planning services. Two Springs supports public utilities and local governments with a wealth of experience in all aspects of GIS implementation and enhancement.   | Avineon, Inc.   | Private                                |
| 5/5/2020   | Collaborative Solutions, LLC   | Collaborative Solutions, LLC is a global finance and HR transformation consultancy specializing in Workday enterprise cloud applications for finance and human resources. Collaborative Solutions is the longest-tenured Workday Services Partner and customer.  | Cognizant Technology Solutions Corp.                                      | Private                                |
| 5/5/2020   | New Century US   | New Century US is a provider of on-site and virtual training solutions in tactics, information gathering, criminal investigation, analysis, and management of sensitive operations to law enforcement and related agencies.  | Dexis Consulting Group  | Private                                |
| 5/4/2020   | ThayerMahan, Inc.  | ThayerMahan, Inc. provides government and commercial clients with turn-key autonomous marine solutions, including deployment, operations, data gathering and analysis services, using state-of-the-art acoustic and electronic sensors integrated on a variety of host platforms tailored to specific mission criteria.  | AE Industrial Partners, LP  | Private                                |
| 5/4/2020   | L3Harris Technologies, Inc. (Security Detection and Automation Businesses)   | L3Harris Security & Detection Systems is a provider of checked and carry-on baggage scanning, checkpoint security and cargo screening products and systems.  | Leidos Holdings, Inc.   | L3Harris Technologies, Inc. (NYSE:LHX) |
| 5/4/2020   | FlightWire Technology, Inc.  | FlightWire is a principal provider of 1394b AS5643 (MIL-1394) solutions for the defense and aerospace sectors. This acquisition combines two premier MIL-1394 companies, considerably expanding the resources, expertise, and offerings of MIL-1394 embedded, test, and maintenance products and services by New Wave DV.  | New Wave Design and Verification, LLC                                     | Private                                |

Source: Dacis DM&amp;A



## Appendix | Recent M&A Transactions

| Close Date | Target Name                         | Target Description  | Acquirer  | Seller                    |
|------------|-------------------------------------|---|---|---------------------------|
| 5/1/2020   | DHPC Technologies, Inc.             | DHPC Technologies, Inc. is a niche developer of electronic warfare (EW) technologies, with engineering, technical services, and program management skills, serving U.S. Army customers. A first-of-kind prototyping firm, DHPC Technologies provides survivability and countermeasure solutions in support of both air and ground weapon platforms.                             | Perspecta, Inc.   | Private                   |
| 4/30/2020  | Sinclair Interplanetary             | Sinclair Interplanetary is a provider of high-quality, flight-proven satellite hardware. The company develops reliable, best-in-class spacecraft hardware, including reaction wheels and star trackers that support rapid-schedule small satellite programs.  | Rocket Lab USA, Inc.  | Private                   |
| 4/30/2020  | InCadence Strategic Solutions Corp. | InCadence Strategic Solutions Corp. is a provider of technical products, intelligence support, and high-end engineering services to government and commercial clients. Areas of expertise include biometrics and identity management, big data solutions, tactical communications, and operational intelligence.  | Xator Corp.   | Private                   |
| 4/27/2020  | Princeton Technology Corp.          | Princeton Technology Corp. is a high-technology electronics manufacturing services (EMS) provider, with capabilities in producing complex printed circuit board assemblies and integrated electromechanical products for defense and medical markets.   | Intervala, LLC  | Private                   |
| 4/27/2020  | McMurdo, Inc.                       | A management group acquired McMurdo, Inc. from Orolia S.A., a subsidiary of France's Eurazeo. On completion of the acquisition the group adopted the name under which it was founded, Techno-Sciences, Inc. (TSi). Techno-Sciences, Inc. (TSi) is a provider of SAR satellite ground stations, integrated emergency response center systems and coastal surveillance solutions. | Techno-Sciences, Inc. (TSi)                                 | Eurazeo / Orolia          |
| 4/20/2020  | Johansen Construction Company, LLC  | Johansen Construction and its subsidiary Highmark Concrete Contractors, LLC provide essential infrastructure and heavy civil construction services throughout the State of Washington.  | Ukpeagvik Inupiat Corp. (UIC)                               | Private                   |
| 4/15/2020  | E Mergent RC (EMRC Heli)            | EMRC Heli ("EMRC") provides Small Unmanned Aerial Systems (sUAS) to government and commercial customers including sUAS design, development, payload integration, and operational support services for fixed-wing and rotary-wing sUAS platforms.  | Arlington Capital Partners [AEGIS Technologies Group, Inc.] | Private                   |
| 4/14/2020  | Western Forge & Flange Co.          | Western Forge & Flange Co. is a manufacturer of high-quality, specialty forgings and flanges used in petrochemical, nuclear, military and other industrial infrastructure applications. The company has established a niche through its robust capabilities, infrastructure and ability to provide high-quality products and solutions.   | Wynnchurch Capital, L.P.                                    | Private                   |
| 4/7/2020   | AVI-SPL                             | AVI-SPL is a digital workplace services provider that works with organizations globally to improve team collaboration and unlock new business value. The company is the largest provider of collaboration technology solutions, which includes its award-winning managed services.  | Marlin Equity Partners                                      | H.I.G Capital             |
| 4/6/2020   | Excivity, Inc.                      | Excivity, Inc. is a provider of mission-enabling technologies, including specialized security applications and situational awareness toolsets for the National Security community. The company creates software and hardware, performs assessments and security reviews of technology, advises clients on how to securely implement technology,                                 | Arlington Capital Partners [AEGIS Technologies Group, Inc.] | Private                   |
| 4/6/2020   | AOC Key Solutions, Inc.             | AOC Key Solutions is a consulting firm specializing in proposal management and writing, capture management, and market assessment services.   | Management of AOC Key Solutions                             | Rekor Systems, Inc.       |
| 4/3/2020   | Precinmac Precision Machining       | Precinmac is a diversified manufacturer of high-tolerance precision machined components and assemblies for the aerospace & defense, semiconductor, and general industrial sectors. The company specializes in precision milling and turning, multi-axis machining, molding and grinding, close tolerance fabrication, and complex geometries.                                   | Pine Island Capital Partners, LLC & Partners                | GenNx360 Capital Partners |
| 4/3/2020   | Raytheon Company                    | Raytheon Company is a technology and innovation leader specializing in defense, civil government and cybersecurity solutions. Its core markets are Missile Defense, Command and Control, Sensors and Imaging, Cyber, Electronic Warfare, Precision Weapons, Training and Services, Mission Support, and Innovations.  | United Technologies Corp.                                   | Public                    |

Source: Dacis DM&amp;A

## Appendix | Recent M&A Transactions

| Close Date | Target Name                                       | Target Description   | Acquirer                  | Seller                                |
|------------|---|--|---------------------------|---------------------------------------|
| 4/2/2020   | Lumerical, Inc.                                   | Lumerical, Inc. is a developer of photonic design and simulation tools. The company's photonic simulation products enable designers to model the most challenging problems in photonics, including interacting optical, electrical and thermal effects. Lumerical's solutions can improve the performance of data center architectures by removing networking bottlenecks, potentially slashing the total cost of ownership. | ANSYS, Inc.               | Private                               |
| 4/2/2020   | AeroVista Innovations, LLC (AVI)                  | AeroVista Innovations, LLC (AVI) provides training, in-house drone program implementation, and FAA regulatory compliance consultation that aid public agencies and corporations in their drone training, consulting, and sourcing projects.  | DroneUp, LLC              | Private                               |
| 4/2/2020   | Bio-Rad Laboratories, Inc. (Informatics Products) | Bio-Rad Laboratories, Inc.'s Informatics products, includes the company's spectroscopy software and spectral databases. The company is one of the largest providers of spectral libraries in mass spectrometry with additional capabilities such as KnowItAll desktop spectroscopy data system (SDS), server SDS, web-server SDS and ChemWindow chemical structure drawing software.   | John Wiley and Sons, Inc. | Bio-Rad Laboratories, Inc. (NYSE:BIO) |

## Appendix | Select Recently Awarded Federal Contracts

(\$ in millions)

| Date      | Customer(s)  | Winning Bidders   | Amount  | Description  |
|-----------|--|---|---------|--|
| 4/30/2020 | U.S. Naval Air Systems Command (NAVAIR); U.S. Navy Commander; Fleet Readiness Centers (COMFRC)   | Ace Aeronautics, LLC; ACET Joint Venture, LLC; Adams Communication & Engineering Technology, Inc.; Defense Technology Systems, Inc.; Adams Communication & Engineering Technology, Inc.; Affordable Engineering Services, Inc.; Aircraft Services Alliance, LLC; Akima Logistics Services, LLC; ASES, LLC; ASR International Corp.; Atlantic Diving Supply, Inc.; AVMAC LLC; Axzeum, Inc.; Battlespace Flight Services, LLC; American Operations Corporation; Battlespace, Inc; PAE Holding Corporation; Cherokee Nation Red Wing, L.L.C.; Coherent Technical Services, Inc.; Commuter Air Technology, Inc.; among others | \$6,106 | Navy COMFRC Awards 42 Contracts for Contracted Maintenance, Modification, Aircrew, and Related Service - Kits, Recovery, Augmentation, Components, & Engines (CMMARS-KRACen)         |
| 4/30/2020 | U.S. Army Contracting Command (ACC); U.S. Army PEO Missiles & Space; Bahrain Defense Force; German Army; Japan Ground Self Defense Force; Polish Army; Qatari Army; Republic of Korea Army; Romanian Army; Royal Swedish Army  | Lockheed Martin Corporation   | \$6,068 | Army ACC-RSA Contracts for PATRIOT Advanced Capability-3 (PAC-3) Missiles and Associated Equipment   |
| 6/26/2020 | U.S. Army PEO Missiles & Space; U.S. Missile Defense Agency; Royal Saudi Land Forces   | Raytheon Company  | \$2,271 | The U.S. Missile Defense Agency contracts for seven an/TPY-2 radars, radar spares, obsolescence design, sustainment services and initial Contractor Logistics Support (CLS) for KSA. |
| 5/13/2020 | U.S. Naval Air Systems Command (NAVAIR), U.S. Navy PEO Unmanned Aviation and Strike Weapons, Royal Saudi Air Force   | Boeing, Rolls-Royce Corporation, Williams International Co., Northrop Grumman, Kaman Aerospace Corporation  | \$2,059 | U.S. Naval Air Systems Command (NAVAIR) contracts for AGM-84H Stand-off Land Attack Missile Expanded Response (SLAM ER) Engineering Services and FMS to Saudi Arabia                 |
| 5/20/2020 | U.S. Air Force PEO Fighters and Bombers, U.S. Air National Guard, U.S. Naval Information Warfare Systems Command (NAVWARSYSCOM), U.S. Navy PEO Tactical Aircraft Programs, North Atlantic Treaty Organization (NATO/OTAN)  | Data Link Solutions L.L.C.; BAE Systems; Collins Aerospace Mission Systems - Communications, Navigation and Guidance Solutions; ViaSat, Inc.  | \$999   | NAVWARSYSCOM contracts for Multifunctional Information Distribution System (MIDS) Joint Tactical Radio Systems (JTRS) Terminals and Services   |
| 4/18/2020 | U.S. Naval Sea Systems Command (NAVSEA), U.S. Navy PEO Integrated Warfare Systems, Republic of Korea Navy, Spanish Navy  | Lockheed Martin Corporation; Actron Entities, Inc.; Atesa, Inc; Extreme Engineering Solutions, Inc.; Four LLC; Mercury Systems, Inc.; Navantia Reparaciones San Fernando; Real-Time Innovations, Inc.   | \$519   | NAVSEA Contracts for AEGIS Combat System (ACS) (Baseline gC.2) Support for FMS to Spain  |
| 4/2/2020  | U.S. Air Force Life Cycle Management Center (AFLCMC); U.S. Air Force PEO Fighters and Bombers; Bulgarian Air Defense Force Military Aviation   | Lockheed Martin Corporation   | \$512   | AFLCMC Wright-Patterson Contracts for Eight F-16 Block 70 for FMS to Bulgaria  |
| 5/18/2020 | U.S. Air Force Life Cycle Management Center (AFLCMC); Warner Robins Air Logistics Complex; U.S. Air Force PEO Agile Combat Support, Acquisition Environmental & Industrial Facilities Div.; Belgian Air Component; Bulgarian Air Defense Force Military Aviation; Egypt Air Force, Arab Republic of (Al Quwwat al Jawwiya il Misriya); Hellenic Air Force; Indonesian National Defense - Air Force; Iraqi Air Force; Israeli Defense Force - Air Force; among others | Lockheed Martin Corporation   | \$485   | AFLCMC Contracts for AN/AAQ-33 Sniper/LANTIRN/IRST Pods for Dept. of Defense (DoD) and Foreign Military Sales (FMS)  |
| 4/9/2020  | U.S. Naval Sea Systems Command (NAVSEA); U.S. Navy PEO Integrated Warfare Systems; Royal Australian Navy; Spanish Navy   | Laurel Technologies Partnership   | \$462   | NAVSEA Contracts for Consoles, Displays, and Peripherals (CDP) Technology Insertion 16, Modification 1 (TI 16 Mod 1) Production Equipment and Services                               |
| 4/29/2020 | U.S. Army Contracting Command; U.S. Army PEO Soldier, Project Manager Soldier Lethality (PM SL); U.S. Army TACOM Life Cycle Management Command (TACOM LCMC); Afghanistan National Army; Iraqi Army; Lebanese Army; Royal Grenada Police Force; Royal Nepalese Army   | Colt's Manufacturing Company, LLC; FN America, LLC  | \$383   | Army ACC-Warren Awards Two FMS Contracts for M16A4 Rifles Production and Delivery  |

Source: Dacis





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