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AEROSPACE, DEFENSE, & GOVERNMENT SERVICES
Q3 2024 MARKET UPDATE

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EVERGREEN ADVISORS CAPITAL

Evergreen Advisors Capital is pleased to share our quarterly update on Aerospace, Defense, and Government Services M&A activity.

ABOUT EVERGREEN ADVISORS CAPITAL

Evergreen Advisors Capital is a **leading financial advisor to middle market and emerging companies**, with expertise in exit and liquidity strategies, including acquisitions, mergers, recapitalizations, management buy-outs, and divestitures. We are a **relationship-focused, results-oriented firm** focused on driving successful outcomes for our clients. Our banking team has significant experience in multiple industries with demonstrated **expertise in Aerospace, Defense, and Government Services.**

INVESTMENT BANKING SERVICES

MERGERS AND ACQUISITIONS:

- Sell-Side M&A
- Buy-Side M&A
- Recapitalizations
- Management Buyouts
- Divestures

CAPITAL RAISING:

- Senior Debt
- Subordinated Debt
- Mezzanine Financing
- Venture Capital
- Growth Equity
- Private Placements

RECENT INDUSTRY EXPERIENCE



SECURE ENTERPRISE ENGINEERING
was acquired by
 SIXGEN
a portfolio company of
 WASHINGTON HARBOUR

Sell-Side Advisory



SPYROS
Information & Technology Consulting, LLC
was acquired by
 SYNERGY ECP
a portfolio company of
 FALFURRIAS CAPITAL

Sell-Side Advisory



PRKK
was acquired by
 SPA
a portfolio company of
 ACP

Sell-Side Advisory




JRAD
JOINT RESEARCH AND DEVELOPMENT
was acquired by
 SAYRES
a portfolio company of
 BROADTREE PARTNERS

Sell-Side Advisory



n2grate
was acquired by
 BlueAlly
a portfolio company of
SourceCapital | LLC

Sell-Side Advisory



Wheelhouse Group
GUIDING BUSINESS AND TECHNOLOGY CHANGE
was acquired by
CADMUS
a portfolio company of
 CI CAPITAL PARTNERS


Sell-Side Advisory



CFR
ENGINEERING

EA EVERGREEN ADVISORS CAPITAL

Corporate Advisory



Signal Systems Corporation

EA EVERGREEN ADVISORS CAPITAL

Corporate Advisory



CORE ONE

EA EVERGREEN ADVISORS CAPITAL

Corporate Advisory



a.i. solutions

EA EVERGREEN ADVISORS CAPITAL

Corporate Advisory



MasterPeace
Solutions, Ltd.

EA EVERGREEN ADVISORS CAPITAL

Corporate Advisory



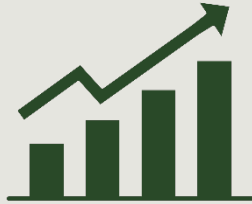
CyberCore
TECHNOLOGIES

EA EVERGREEN ADVISORS CAPITAL

Corporate Advisory

EVERGREEN'S OBSERVATIONS

Evergreen Advisors Capital is expecting the robust M&A market to continue due to a favorable economic environment and pent-up demand for investment monetization and strategic acquisitions.



STRATEGIC AND FINANCIAL BUYERS CONTINUE TO EXECUTE ACQUISITIONS AND SUPPORT A POSITIVE TREND IN THE SECOND HALF OF 2024



STRONG BALANCE SHEETS, CUTS TO INTEREST RATES, AND INVESTOR CONFIDENCE ARE FUELING ANTICIPATION OF INCREASED CORPORATE M&A ACTIVITY MOVING INTO 2025

PRESSURE ON FINANCIAL BUYERS TO MONETIZE EXISTING INVESTMENTS AND DEPLOY A NEAR-RECORD AMOUNT OF DRY POWDER IS EXPECTED TO FUEL M&A MARKETS IN THE NEAR-TERM

KEY INDICATORS CONTINUE TO POINT TO A STRONG MACROECONOMIC ENVIRONMENT FOR THE REST OF 2024 AND INTO 2025, BOLSTERING A RESURGENT M&A MARKET



SUSTAINED MIDDLE MARKET M&A ACTIVITY DRIVING DEAL VOLUME AS INTEREST RATES BEGIN TO DECLINE FROM PREVIOUS HIGH WATERMARKS



AS INFLATION BEGINS TO STABILIZE, THE FEDERAL RESERVE HAS BEGUN REDUCING INTEREST RATES, SUPPORTING GREATER INVESTMENT AND SPENDING

PUBLICLY TRADED COMPANIES

ADG segments continue to show strength, with Government Services substantially outperforming the broader market.

ADG SECTOR OVERVIEW

GOVERNMENT SERVICES



Government Services includes companies that provide enterprise and mission-level expertise to civilian, IC, and DoD agencies.

DIVERSIFIED CONTRACTORS



Diversified Contractors comprises organizations that deliver products to enhance civilian and IC operations.

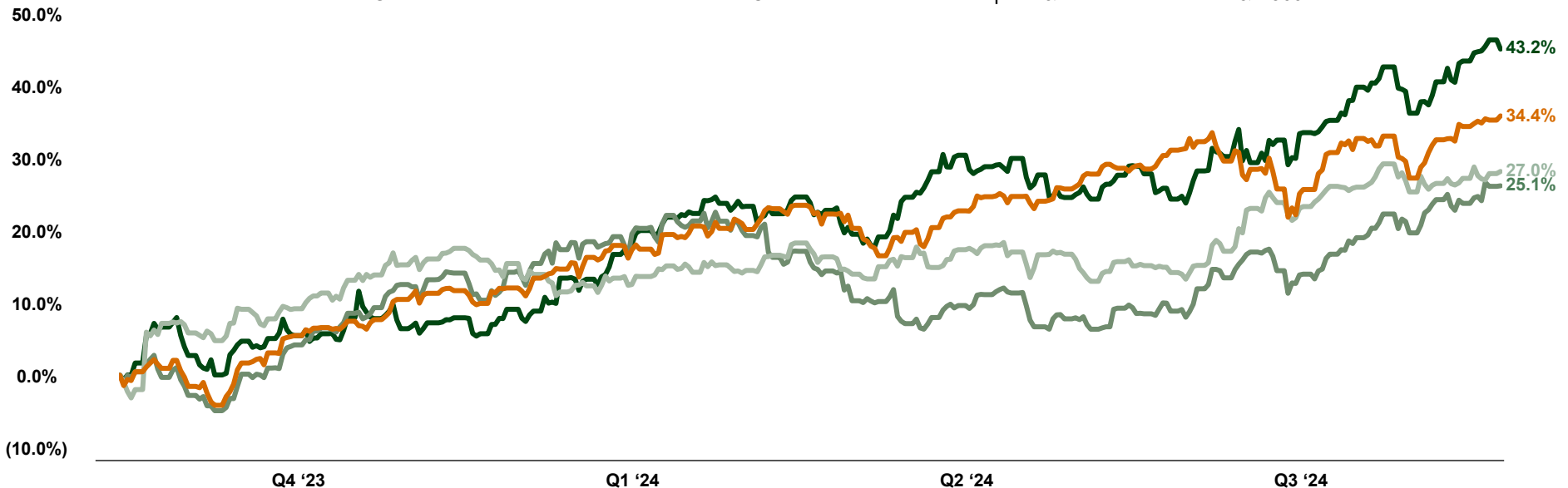
AEROSPACE & DEFENSE



Aerospace & Defense encompasses contractors that build and deploy mission-critical technology for DoD agencies.

LTM INDEX PERFORMANCE¹

Government Services Diversified Contractors Aerospace & Defense S&P 500



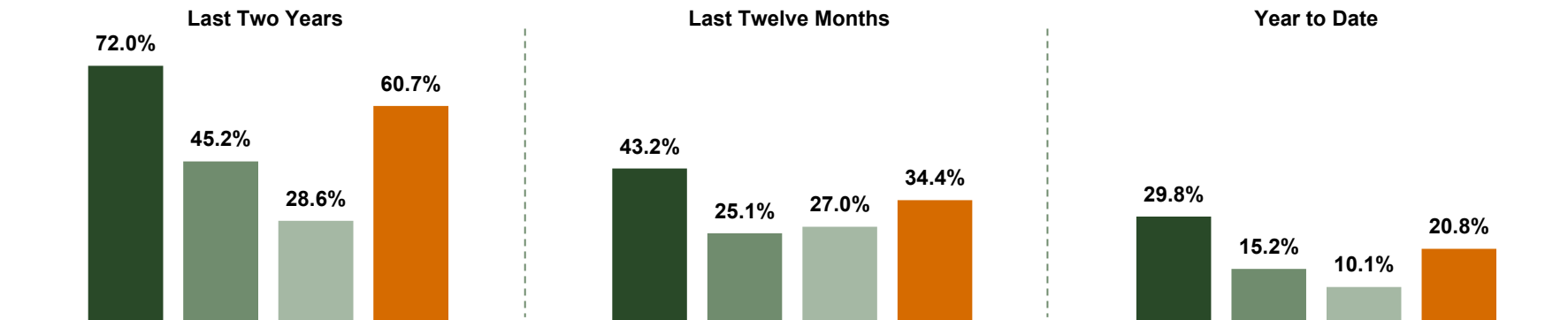
Source: S&P Capital IQ as of 09/30/2024

1) Index and S&P 500 performance assumes equal weighting of holdings

PUBLICLY TRADED COMPANIES

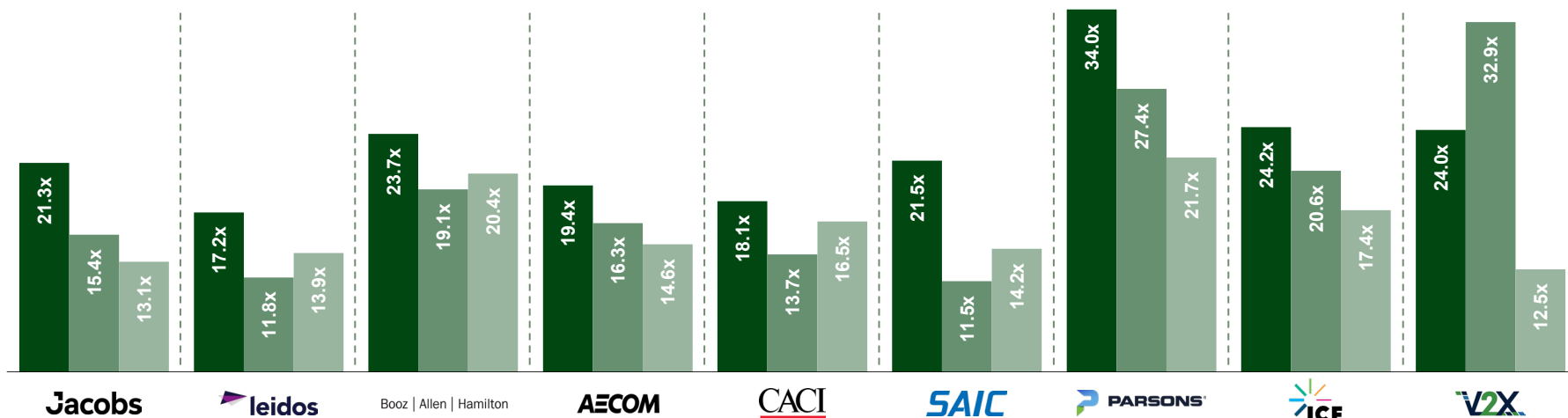
COMPARATIVE INDEX PERFORMANCE

■ Government Services ■ Diversified Contractors ■ Aerospace & Defense ■ S&P 500



IMPLIED EV / EBITDA VALUATION MULTIPLES – GOVERNMENT SERVICES^{1,2}

■ 2 Years Ago ■ 1 Year Ago ■ Today



Source: S&P Capital IQ as of 09/30/2024 (assumes equal weighting for comparative index performance)

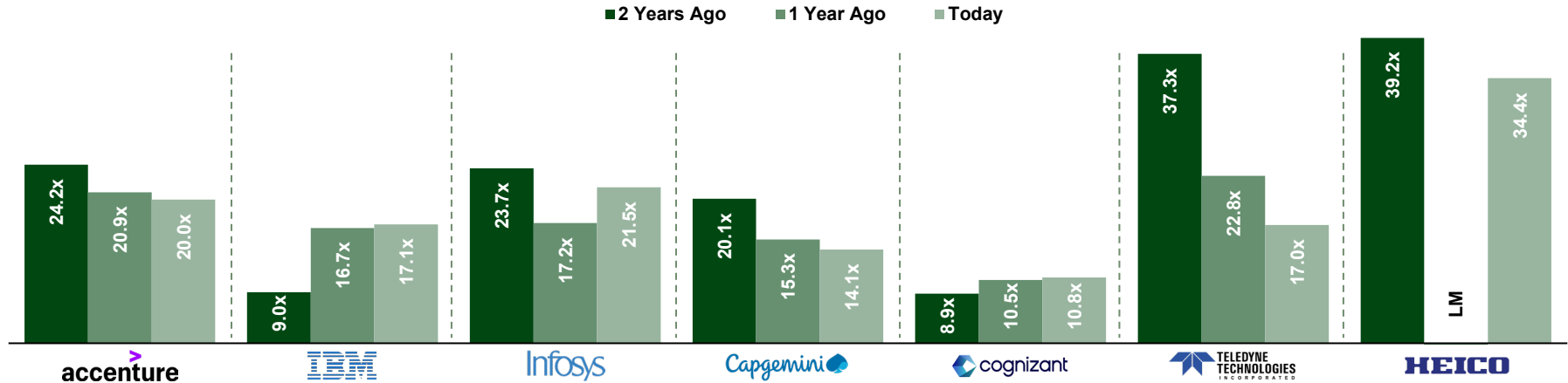
Note: EV = Enterprise Value; EBITDA = Earnings Before Interest, Taxes, and Depreciation & Amortization

1) EV / EBITDA multiples above 40.0x denoted as large multiple ("LM") and companies with negative EBITDA figures denoted as not applicable ("NA")

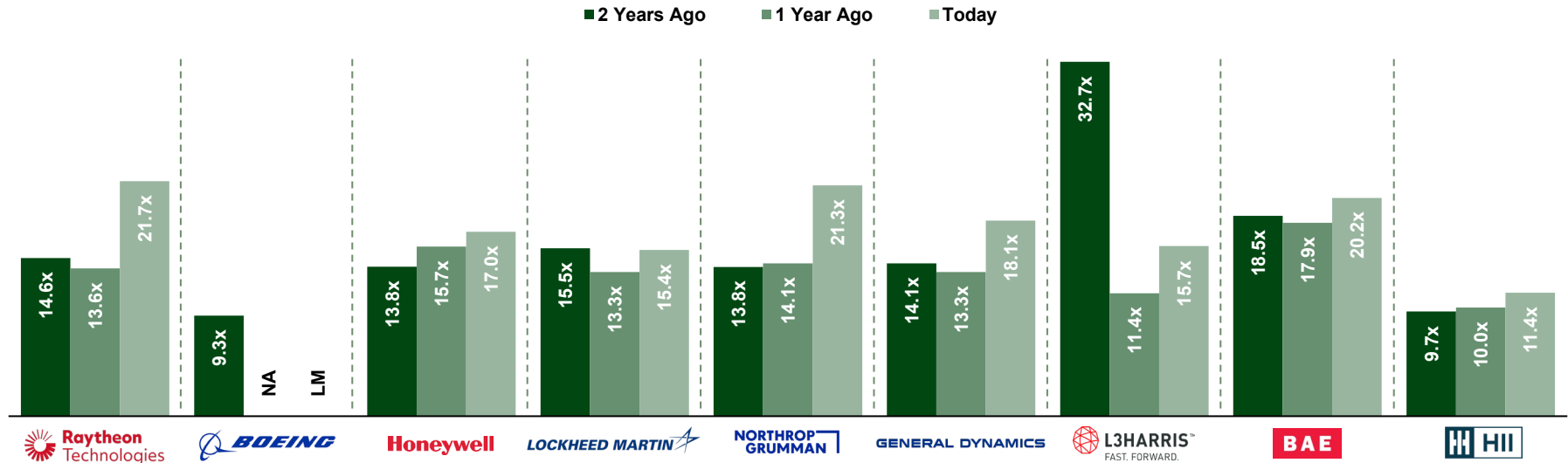
2) "Today" means LTM EV / EBITDA as of 09/30/2024; "1 Year Ago" means LTM EV / EBITDA as of 09/30/2023; "2 Years Ago" means LTM EV / EBITDA as of 09/30/2022

PUBLICLY TRADED COMPANIES (CONT.)

IMPLIED EV / EBITDA VALUATION MULTIPLES – DIVERSIFIED CONTRACTORS^{1,2}



IMPLIED EV / EBITDA VALUATION MULTIPLES – AEROSPACE & DEFENSE^{1,2}



Source: S&P Capital IQ as of 09/30/2024

1) EV / EBITDA multiples above 40.0x denoted as large multiple ("LM") and companies with negative EBITDA figures denoted as not applicable ("NA")

2) "Today" means LTM EV / EBITDA as of 09/30/2024; "1 Year Ago" means LTM EV / EBITDA as of 09/30/2023; "2 Years Ago" means LTM EV / EBITDA as of 09/30/2022

PUBLICLY TRADED COMPANIES

Publicly traded companies are trading at or near 52-week highs as the overall ADG market continues to show strength alongside the broader market.

\$ millions (excl. stock price)

	Company Name	Stock Ticker	Stock Price	% of 52-Week High	Market Cap	Enterprise Value	LTM			EV / LTM	
							Total Revenue	EBITDA	Margin	Total Revenue	EBITDA
Government Services	Leidos Holdings, Inc.	NYSE:LDOS	\$163.00	100.0%	\$21,958	\$26,352	\$16,008	\$1,901	11.9%	1.6x	13.9x
	Booz Allen Hamilton Holding Corporation	NYSE:BAH	\$162.76	100.0%	\$21,027	\$24,354	\$10,949	\$1,193	10.9%	2.2x	20.4x
	Jacobs Solutions Inc.	NYSE:J	\$130.90	84.2%	\$16,264	\$19,386	\$16,949	\$1,476	8.7%	1.1x	13.1x
	AECOM	NYSE:ACM	\$103.27	100.0%	\$13,845	\$15,540	\$15,837	\$1,067	6.7%	1.0x	14.6x
	CACI International Inc	NYSE:CACI	\$504.56	100.0%	\$11,254	\$13,039	\$7,660	\$792	10.3%	1.7x	16.5x
	Parsons Corporation	NYSE:PSN	\$103.68	100.0%	\$11,009	\$11,989	\$6,119	\$552	9.0%	2.0x	21.7x
	Science Applications International Corporation	NasdaqGS:SAIC	\$139.27	27.6%	\$6,897	\$9,138	\$7,297	\$643	8.8%	1.3x	14.2x
	ICF International, Inc.	NasdaqGS:ICFI	\$166.79	98.4%	\$3,128	\$3,757	\$1,986	\$216	10.9%	1.9x	17.4x
	V2X, Inc.	NYSE:VVX	\$55.86	97.8%	\$1,742	\$2,890	\$4,125	\$231	5.6%	0.7x	12.5x
	Mean			89.8%					9.2%	1.5x	16.0x
	Median			100.0%					9.0%	1.6x	14.6x
Diversified Contractors	International Business Machines Corporation	NYSE:IBM	\$221.08	98.9%	\$203,647	\$249,872	\$62,363	\$14,625	23.5%	4.0x	17.1x
	Accenture plc	NYSE:ACN	\$353.48	91.4%	\$221,414	\$221,405	\$64,896	\$11,066	18.8%	3.4x	20.0x
	Infosys Limited	NSEI:INFY	\$22.39	95.6%	\$92,723	\$90,760	\$18,659	\$4,227	22.7%	4.9x	21.5x
	Capgemini SE	ENXTPA:CAP	\$216.32	87.3%	\$37,053	\$41,590	\$22,234	\$2,951	13.3%	1.9x	14.1x
	Cognizant Technology Solutions Corporation	NasdaqGS:CTSH	\$77.18	96.7%	\$38,255	\$37,287	\$19,265	\$3,459	18.0%	1.9x	10.8x
	HEICO Corporation	NYSE:HEI	\$261.48	97.6%	\$31,406	\$33,849	\$3,780	\$984	26.0%	9.0x	34.4x
	Teledyne Technologies Incorporated	NYSE:TDY	\$437.66	98.1%	\$20,476	\$22,835	\$5,552	\$1,342	24.2%	4.1x	17.0x
		Mean			95.1%					20.9%	4.2x
	Median			96.7%					22.7%	4.0x	17.1x
Aerospace & Defense	RTX Corporation	NYSE:RTX	\$121.16	98.2%	\$160,910	\$200,161	\$72,417	\$9,217	12.7%	2.8x	21.7x
	Lockheed Martin Corporation	NYSE:LMT	\$584.56	100.0%	\$139,335	\$156,069	\$71,069	\$10,167	14.3%	2.2x	15.4x
	Honeywell International Inc.	NasdaqGS:HON	\$206.71	93.9%	\$134,294	\$154,087	\$37,334	\$9,048	24.2%	4.1x	17.0x
	The Boeing Company	NYSE:BA	\$152.04	57.5%	\$93,682	\$139,003	\$73,557	\$1,322	1.8%	1.9x	LM
	General Dynamics Corporation	NYSE:GD	\$302.20	98.1%	\$82,904	\$92,661	\$44,946	\$5,131	11.4%	2.1x	18.1x
	Northrop Grumman Corporation	NYSE:NOC	\$528.07	99.0%	\$77,228	\$91,791	\$40,764	\$4,304	10.6%	2.3x	21.3x
	L3Harris Technologies, Inc.	NYSE:LHX	\$237.87	97.8%	\$45,125	\$57,894	\$20,765	\$3,686	17.8%	2.8x	15.7x
	BAE Systems plc	LSE:BA.	\$16.59	91.8%	\$49,699	\$60,679	\$24,558	\$3,011	12.3%	2.5x	20.2x
	Huntington Ingalls Industries, Inc.	NYSE:HII	\$264.38	89.2%	\$10,368	\$13,238	\$11,775	\$1,160	9.9%	1.1x	11.4x
	Mean			91.7%					12.8%	2.4x	17.6x
	Median			97.8%					12.3%	2.3x	17.5x

Source: S&P Capital IQ as of 09/30/2024

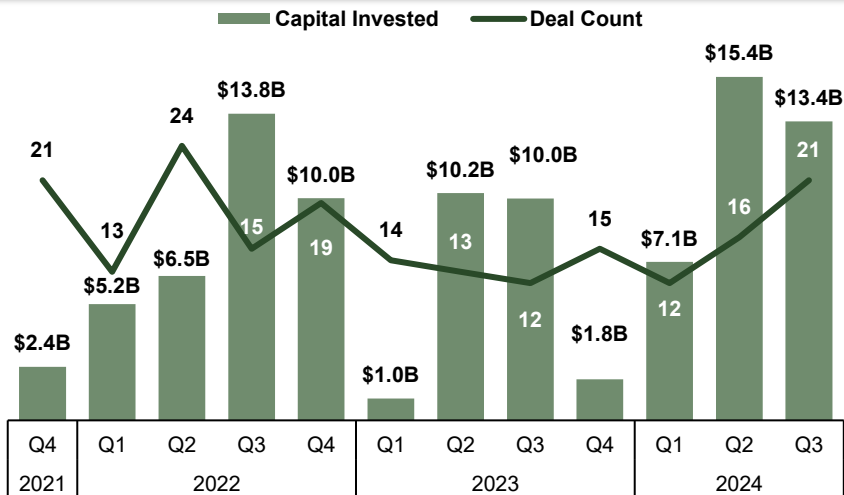
Note: LTM = Last Twelve Months

1) EV / EBITDA multiples above 40.0x denoted as large multiple ("LM") and companies with negative EBITDA figures denoted as not applicable ("NA")

ADG M&A ENVIRONMENT

A robust deal environment is driving stronger 2024 middle market M&A activity.

ANNOUNCED ADG TRANSACTIONS¹



ACTIVE MARKET PARTICIPANTS



SELECT ACTIVE MARKET PARTICIPANTS

PUBLIC

BAE SYSTEMS

SELECT RECENT ACQUISITIONS

12

Acquisitions since 2020

Kirintec (10/03/2024)

Callen-Lenz (05/02/2024)

PRIVATE EQUITY

ACP

SELECT RECENT ACQUISITIONS

40

Acquisitions since 2020

J&J Worldwide (02/27/2024)

Merrill Tech (01/25/2024)

PE-BACKED²

TYTO
Athene

SELECT RECENT ACQUISITIONS

6

Acquisitions since 2020

MindPoint Group (06/30/2024)

Microtel LLC (04/08/2024)

Honeywell

SELECT RECENT ACQUISITIONS

9

Acquisitions since 2020

CAES (06/19/2024)

Civitanavi Systems (03/27/2024)

ENLIGHTENMENT
CAPITAL

SELECT RECENT ACQUISITIONS

35

Acquisitions since 2020

Torin Consulting (04/09/2024)

STG, Summit (03/26/2024)

ASRC FEDERAL

SELECT RECENT ACQUISITIONS

2

Acquisitions since 2020

SAIC Logistics (05/09/2023)

Broadleaf (04/21/2023)

STANDALONE

Source: Pitchbook

1) Representative of announced ADG transactions with disclosed deal values

2) Tyto Athene is a portfolio company of Arlington Capital Partners

M&A SPOTLIGHT

Well-managed and positioned businesses with unique value propositions are seeing competitive processes and successful outcomes.



is being acquired by



09/17/2024

PUBLIC
(NYSE: CACI)

Provider of RF hardware, software, and mission system solutions for defense and intelligence programs



was acquired by



09/16/2024

PUBLIC
(NYSE: GIB)

Provider of digital transformation, data management, and financial management for DoD and related civilian agencies



was acquired by



09/13/2024

PUBLIC
(NYSE: ITT)

Provider of Mil/Aero connectivity solutions, specializing in cable design, fabrication, installation, and training



was acquired by



09/10/2024

PUBLIC
(NYSE: GD)

Provider of data management, operational planning, and rapid deployment solutions to the U.S. Government



was acquired by



08/28/2024

PUBLIC
(NYSE: CTSH)

Provider of engineering, IT, and digital solutions for aerospace, defense, automotive, and industrial markets



was acquired by



08/20/2024

PUBLIC
(NYSE: LMT)

Provider of end-to-end satellite solutions for aerospace and defense, specializing in every aspect of mission operations



a portfolio company of



was acquired by



08/01/2024

PRIVATE EQUITY

Provider of test and measurement solutions, including radar instruments, air data systems, and precision sensors



was acquired by



a portfolio company of





























07/10/2024

PE-BACKED STRATEGIC (ACP¹)

Provider of cybersecurity services, specializing in compliance and threat analysis, to support mission-critical operations

Source: GovConWire, S&P Capital IQ
1. Arlington Capital Partners










RECENT ANNOUNCED/COMPLETED TRANSACTIONS

DATE	TARGET	ACQUIRER	ACQUIRER TYPE	TARGET DESCRIPTION
09/27/2024	 Sabre SABRE SYSTEMS	 CM EQUITY PARTNERS	Private Equity	Digital transformation, cybersecurity, enterprise data management, and systems engineering service provider
09/13/2024	 Excelicon	 SIG STRATEGIC INNOVATION GROUP	Standalone	Cyber policy and guidance, enterprise architecture, and other technical support services for federal agencies
09/12/2024	 QualX	 R RENOVUS CAPITAL	Private Equity	Records and information management, enterprise IT, and program management services to the DoD and DHS
09/06/2024	 AXIENT	 ASTRION™	PE-Backed (Brightstar Capital Partners)	Provider of critical systems engineering, digital, and mission support services for the federal government
09/05/2024	 CAES PIONEERING ADVANCED ELECTRONICS	 Honeywell	Public (NASDAQ:HON)	Advanced electronics and RF technology solutions provider for defense and space clients
09/04/2024	 LINQUEST CORPORATION	 KBR	Public (NYSE:KBR)	Engineering data analytics and digital integration services on national security missions for defense and IC customers
08/28/2024	 DATA SYNC TECHNOLOGIES	 SSATI	Standalone	Provider of knowledge management and data analysis support services for IC clients
08/23/2024	 APEWELL	 HEICO	Public (NYSE:HEI.A)	Aerial delivery and descent devices divisions
08/19/2024	 BLACKSIGNAL	 PARSONS™	Public (NYSE:PSN)	Cybersecurity, digital signal processing, and electronic warfare products for DoD and IC agency customers
08/14/2024	 Loc Performance	 RHEINMETALL	Public (ETR:RHM)	Designer and manufacturer of specialized vehicles for civilian and defense agencies
08/07/2024	 BOLOEND	 SIXGEN	PE-Backed (Washington Harbour Partners)	Cyber automation tools, software, and electronic warfare platforms to support defense and national security agencies
07/09/2024*	 ULTRA MARITIME	 ESCO TECHNOLOGIES	Public (NYSE:ESE)	Signature management and power division of engineering support services for U.S. and U.K. naval defense agencies
07/08/2024	 ASEC Family of Companies	 Markon	PE-Backed (Sterling Investment Partners)	Systems engineering, technical, and programming support services for IC clients

*Denotes announced transaction
Source: Pitchbook, GovConWire















SELECT AWARDED CONTRACTS

Awards reflect competing fiscal needs and shifting priorities.

DATE	CUSTOMER	AWARD VALUE (\$M)	AWARDEE(S)	SCOPE OF WORK
09/27/2024	U.S. Air Force	\$3,230M		Production and procurement of joint air-to-surface standoff ("JASSM") and long-range anti-ship missiles
09/26/2024	Department of Defense	\$795M		Provide and administer Adobe software upgrades, modernization, and maintenance support services
09/24/2024	U.S. Navy	\$9,600M		Construction of San Antonio-class amphibious transport dock ships and America-class amphibious assault ship
09/20/2024	Department of Labor	\$193M		Support veterans' employment operations and training service for transitioning service members
09/18/2024	North American Aerospace Defense Command	\$229M		Support agency's IT service management, cybersecurity, IT system automation, and network modernization
09/17/2024	Defense Logistics Agency	\$11,900M	85 awardees	Provide and administer IT support services for various agencies under DLA oversight
09/13/2024	U.S. Navy	\$1,194M		Scheduled and unscheduled maintenance services for the P-8A Poseidon aircraft
09/13/2024	National Geospatial-Intelligence Agency	\$290M	10 awardees	Augment existing capabilities and integrate workflows for computer vision and analytic services
09/11/2024	U.S. Air Force	\$1,600M		Provide software management services for the Air Force Life Cycle Management Center
09/09/2024	U.S. Air Force	\$5,400M	Seven awardees	Provide counter adversary threat systems to support close air support services
08/30/2024	U.S. Army	\$3,430M		Support the guided multiple launch rocket system and produce surface-to-surface rockets
08/30/2024	National Aeronautics and Space Administration	\$117M		Deliver payloads of material to the moon's south pole region through the Lunar Payload Services Program
08/29/2024	Food and Drug Administration	\$500M	Seven awardees	Provide support services to the FDA data and analytics modernization efforts

SELECT AWARDED CONTRACTS

Awards reflect competing fiscal needs and shifting priorities.

DATE	CUSTOMER	AWARD VALUE (\$M)	AWARDEE(S)	SCOPE OF WORK
08/27/2024	U.S. Army	\$494M	 SAAB	Production and supply of an unspecified amount of XM919 Individual Assault Munition
08/12/2024	Department of Homeland Security	\$686M	 AKIMA	Provide a range of immigration detention services to support the Enforcement and Removal Operations Program
08/14/2024	U.S. Agency for International Development	\$200M	 CADMUS	Support the agency with digital integration and expansion through the Digital Forward Project program
08/07/2024	The Internal Revenue Service	\$1,900M	 Deloitte. 	Provide broad IT and program management support services for the Enterprise Program Management Office
08/02/2024	U.S. Navy	\$160M	 Raytheon An RTX Business	Provide MK 15 Mod 31 SeaRAM upgrade kits and associated hardware systems
08/30/2024	Defense Logistics Agency	\$126M	 SRI International	Work alongside various agencies to support the generalized emulation of microcircuits production program
07/29/2024	Department of Defense	\$823M	 leidos	Provide systems engineering, cybersecurity, and network architecture support in the migration to the DoDNet
07/26/2024	General Services Administration	\$174M	 HENSEL PHELPS Plan. Build. Manage.	Support the final phase of modernization and expansion at Calexico West Land Port of Entry
07/25/2024	National Geospatial-Intelligence Agency	\$347M	 BAE	Modernize the agency's software library and enhance prior system capabilities
07/15/2024	General Services Administration	\$2,400M	 Deloitte.	Identify, build, and deliver holistic solutions to support the submarine workforce and industrial base
07/11/2024	Federal Bureau of Investigation	\$5,300M	 NTT DATA	Support FBI's critical IT supplies and services through BPA contract vehicle
07/03/2024	Defense Health Agency	\$373M	 SPECTRUM Healthcare Resources	Provide medical and specialty care for the Tricare beneficiaries in the national capital region
07/01/2024	U.S. Coast Guard	\$198M	 Shield AI	Installation, de-installation, and training for the V-BAT vertical take-off and landing unmanned aircraft system

INVESTMENT BANKING LEADERSHIP



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Evergreen Advisors Capital, a registered broker-dealer and member of FINRA and SIPC, is a leading investment bank for middle market companies, with expertise in exit and liquidity strategies including divestitures, acquisitions, mergers, recapitalizations, and management buy-outs. In addition, Evergreen Advisors Capital provides capital markets advisory and assists companies with raising capital and private placements.

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