

8000 Towers Crescent Drive  
Suite 1200  
Tysons Corner, VA 22182

Main Phone: 703.442.1400  
Main Fax: 703.442.1498

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## KippsDeSanto's DealView — Top 10 M&A Deals of the Quarter

KippsDeSanto & Co., a leading aerospace / defense and government technology solutions investment bank, would like to share its thoughts on the "Top 10 M&A Deals of the Quarter" for the period ended September 30, 2017. The following table is our take on the most notable announced M&A transactions — not only based on size, but also on strategic importance and / or impact.

### Precedent Transactions

(\$ in millions)

Date Announced	Buyer / Target	Target Description	Target Sector	Enterprise Value	EV / LTM Revenue	EBITDA
09/18/17	Northrop Grumman Corp. / Orbital ATK, Inc.	Provides space, defense, and aviation systems for customers worldwide, both as a prime contractor and merchant supplier	Defense	\$9,222.3	2.04x	15.2x
09/18/17	ManTech International Corp. / InfoZen, Inc.	Provides cloud managed services, agile software development, DevOps, systems engineering, and IT management services to the federal government in the U.S.	Government Technology Solutions	180.0	ND	ND
09/04/17	United Technologies Corp. / Rockwell Collins, Inc.	Provides avionics, flight controls, aircraft interior, and data connectivity solutions for commercial and military customers	Aerospace	30,191.6	3.54x (1)	16.0x (2)
08/31/17	Jacobs Engineering Group / Blue Canopy Group, LLC	Provides cloud, big data analytics, data science, and enterprise IT consultancy and services for federal government and commercial markets	Government Technology Solutions	ND	ND	ND
08/18/17	HEICO Corp. / AeroAntenna Technology, Inc.	Provides high performance active antenna systems for critical defense applications, precision guided munitions, and commercial aircraft	Defense	316.5	NA	8.3x
08/01/17	Constellis Holdings, LLC / OMNIPLEX World Services Corp.	Provides armed and unarmed protective security support and investigative and risk management solutions	Government Technology Solutions	ND	ND	ND
07/24/17	SpeedCast International Ltd. / UltiSat, Inc.	Provides network and satellite communication services to government and defense entities as well as non-governmental organizations	Defense	100.0 (3)	1.27x (4)	8.3x
07/17/17	The Carlyle Group / ADB Safegate	Provides products and solutions for airfield ground lighting, aircraft docking guidance, and air traffic control	Aerospace	1,030.0	NA	NA
07/07/17	Ultra Electronics Holdings plc / Sparton Corp.	Provides services for complex electromechanical devices as well as sophisticated engineered products for military, aerospace, and other industries	Defense	322.0	0.80x	14.1x
07/03/17	H.I.G. Capital, LLC / NCI, Inc.	Provides big data and data analytics, agile development, and intelligence-to-operations initiatives to defense, intelligence, healthcare, and civilian government agencies worldwide	Government Technology Solutions	283.0	0.89x	10.0x

NA = Not Available; ND = Not Disclosed

(1) Based on pro forma EBITDA margins of 22% for Rockwell Collins and B/E Aerospace before the UTC acquisition and pro forma EBITDA of \$1.897 billion, as taken from Rockwell Collins Inc. UBS Investment Research Report, September 5, 2017, and Rockwell Collins Inc. "Leader Meeting" Investor Presentation on September 12, 2017, respectively

(2) Based on Rockwell Collins Inc. "Leader Meeting" Investor Presentation on September 12, 2017, pro forma for B/E Aerospace acquisition

(3) Includes \$20 million and \$15 million earnout for 2017 and 2018, respectively

(4) The EV / Revenue multiple is based on 2017E Revenue

### Of the above transactions, the following were especially noteworthy:

Two landmark aerospace and defense transactions were announced during the third quarter of 2017. The first was the agreed to acquisition of Rockwell Collins, Inc. by United Technologies Corp. ("UTC"). Rockwell Collins designs, produces, and supports communications and aviation systems worldwide. Its product portfolio includes avionics, flights controls, aircraft interior, and data connectivity solutions. This deal allows UTC to expand its current product offerings to include cockpit displays, communications systems, and other high-technology aviation products with little overlap amongst its current product portfolio. The deal will transform UTC into the largest Tier-1 aircraft supplier and will allow the

company to expand its bargaining power with large planemakers, which have recently been pressuring suppliers to lower costs. The deal will be accretive to UTC's CY 2019 adjusted earnings per share and is also expected to produce \$500 million in savings from cost synergies. The deal is worth an estimated \$30.2 billion, which includes a \$23.0 billion stock

component and a \$7.2 billion debt component.

In addition, Northrop Grumman Corp. agreed to acquire Orbital ATK, Inc., a provider of space, defense, and aviation systems. Orbital ATK's product portfolio includes rocket propulsion systems, missiles, defense electronics, and precision weapons. The deal will allow Northrop to expand its presence across various business lines such as small space systems, launch vehicles, missiles, and munitions. Through acquiring Orbital ATK, Northrop will be better positioned for upcoming U.S. Air Force contracts to replace aging nuclear missiles and intercontinental ballistic missile systems as the military modernizes its atomic weapons. The deal is worth an estimated \$9.2 billion, which includes a \$7.8 billion stock component and a \$1.4 billion debt component.

The government technology solutions deal of the quarter is H.I.G. Capital's acquisition of NCI, Inc., a provider of big data analytics, agile development, intelligence-to-operations, and various other IT services to defense, intelligence, healthcare, and civilian government agencies worldwide. The acquisition was an all-cash deal worth \$283 million, or \$20 per share. The purchase price reflects a valuation of nearly 10.0 times adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA"). H.I.G. Capital announced the transaction only a few months after NCI increased its full-year revenue estimate for FY17 to \$333 million, or approximately 3% growth over FY16. NCI views the acquisition as an opportunity to accelerate its growth strategy, add new capabilities, and penetrate new customers via organic new business pursuits and follow-on acquisitions. In addition, NCI believes that the acquisition will enable the company to expand and augment its higher-end service offerings, including artificial intelligence and agile software development, to target new programs that address its customers' most mission-critical requirements. As larger public companies in the sector continue to consolidate via mega-mergers and large-scale acquisitions, NCI's go-private transaction will allow the company to more effectively compete and execute upon its growth strategy without the costs and public-scrutiny associated with being a public entity. Similarly, H.I.G. Capital intends to position NCI as a platform for future add-on acquisitions, an approach that remains prevalent among financial sponsors who often employ buy-and-build strategies to drive value creation.