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Aerospace & Defense

Industry News

SpaceX Satellite Launch Marks U.S. Military Embrace of Reusable Rockets

Wall Street Journal [Full Article](#)

Elon Musk's SpaceX successfully blasted a U.S. Space Force satellite into orbit and then recovered the main portion of the Falcon 9 rocket, in the first military mission incorporating the reusable feature which has become a hallmark of the company's commercial and civilian government launches. The launch of the Global Positioning System satellite, into partly cloudy skies at Florida's Cape Canaveral Air Force Station on Tuesday afternoon, marks the Pentagon's formal embrace of Mr. Musk's concept of recovering and reusing the booster's lower stage and primary engines to make rocket launches more efficient and cost-effective. The same part of the rocket has been recovered in dozens of previous Falcon 9 launches, but none of those were for the military. Some lower stages have flown several times.

Mitsubishi Pulls Back on SpaceJet in Face of COVID-19 Pressures

Defense and Security Monitor [Full Article](#)

The COVID-19 pandemic cast global markets into a period of uncertainty as it moved across the globe in early 2020. The impact of the virus is beginning to make its mark as delivery and order slowdowns ripple across the aerospace industry. The full effect of these declines will dominate the sector for several years, as air traffic is not expected to return to normal until around 2023.

Israeli defense contractors partner with UAE tech firm to fight coronavirus

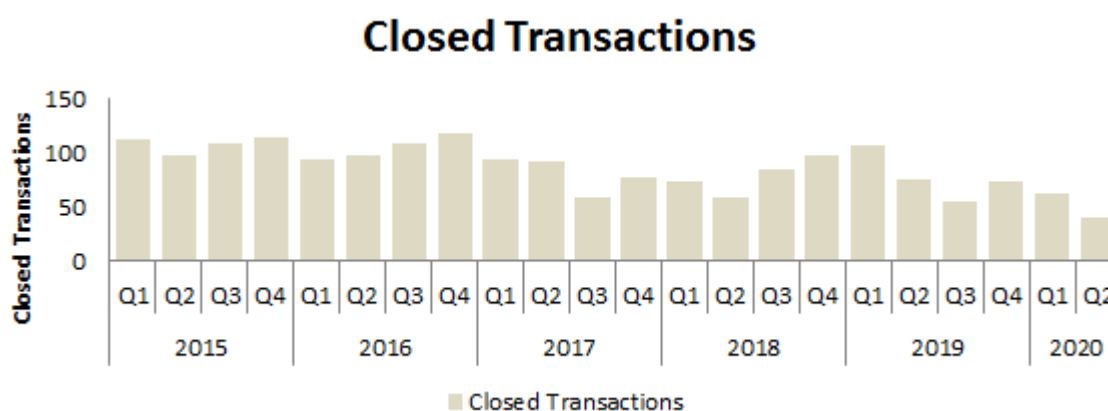
Reuters [Full Article](#)

Two Israeli defense contractors will partner with Abu Dhabi-based technology company Group 42 to develop technologies to help fight the new coronavirus, the companies said. Israel has no diplomatic relations with Gulf Arab countries, but common concerns over Iran's regional influence have led to a limited thaw in ties. Last month, a senior United Arab Emirates (UAE) official said the countries could possibly cooperate in the fight against COVID-19 and on technology.

Aerospace & Defense

The Defense sector has provided some insulation from economic downturns in the past, and the industry is currently benefiting from the 3.6% increase in the 2020 discretionary budget and defense companies' ability to remain open for business during the COVID-19 pandemic as "essential businesses". Demand for military equipment and solutions continues to be strong as security threats continue to intensify. Strong spending appears to be supporting confidence in deal making, although M&A volume is down so far this year. While 2019 was a year of mega mergers (e.g., Raytheon's \$52B merger with United Technologies), 2020 Defense M&A activity has been shaped by strategically-driven technology acquisitions to accelerate growth in areas such as next generation C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance), cybersecurity, and unmanned and autonomous vehicles.

Aerospace & Defense M&A Environment

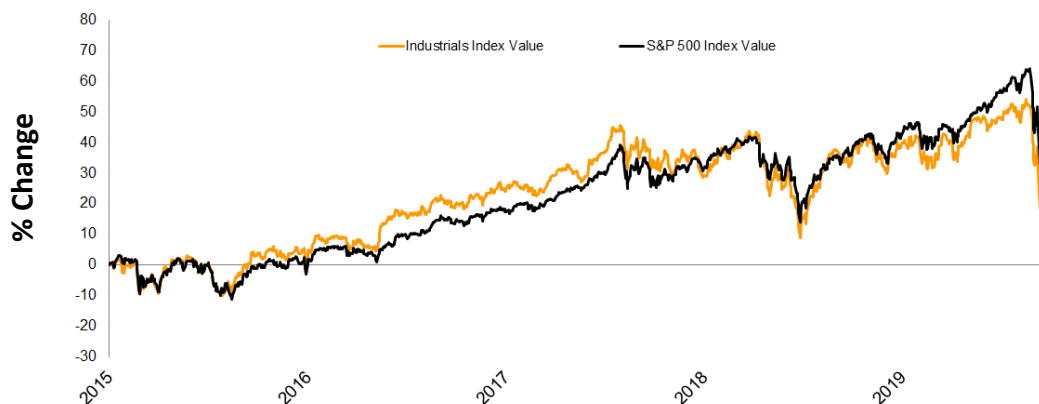


Selected Q2 2020 Aerospace & Defense Transactions

Date Closed	Target	Buyers/Investors	Enterprise	EV / LTM	
			Value (\$M)	Revenue	EBITDA
04/08/2020	Kopter Group AG	Leonardo S.p.a. (BIT:LDO)	185	-	-
04/15/2020	EMRC Heli	The Aegis Technologies Group, Inc.	-	-	-
04/30/2020	Sinclair Interplanetary	Rocket Lab Ltd	-	-	-
05/01/2020	Certain Assets of DHPC Technologies Inc.	Perspecta Inc. (NYSE:PRSP)	53	-	-
05/04/2020	FlightWire Technology, Inc.	New Wave Design and Verification, LLC	-	-	-
05/06/2020	Tethers Unlimited, Inc.	AMERGINT Technologies, Inc.	-	-	-
06/02/2020	United States based Commercial Nuclear Services Business of BWX Technologies, Inc.	Framatome	-	-	-
06/10/2020	WaveStrike, LLC	Novetta Solutions, LLC	-	-	-
06/12/2020	Soltworks Co., Ltd. (KOSDAQ:A230980)	Han Kyul Co., Ltd.	48	4.3x	-
06/17/2020	Solers, Inc.	Peraton Corporation	-	-	-
06/23/2020	Made In Space, Inc.	Redwire, LLC	-	-	-
06/30/2020	Meggitt Training Systems, Inc.	Pine Island Capital Partners	146	1.1x	-

Industrials

The Industrials sector rebounded in the second quarter of 2020 from its low point in late March. The Industrials index gained 16.4% in the quarter as manufacturing began to resume following a sharp halt in March due to the global impact of COVID-19 and ended the quarter down 19.1% from its 2020 peak of 718.21 points in February.



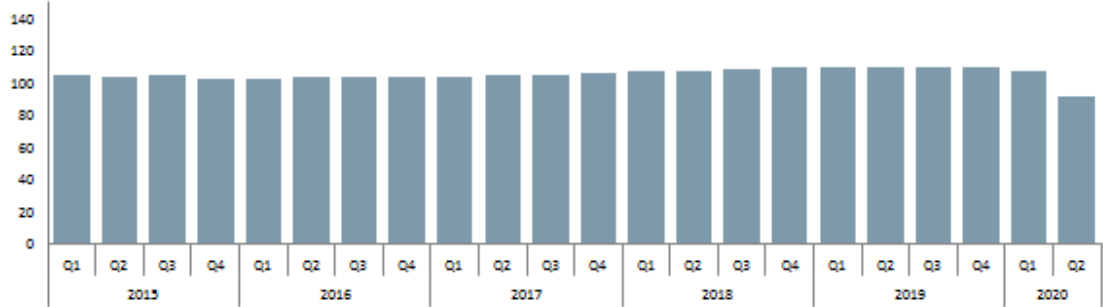
As of 6/30/2020		LTM Financials				Valuation Metrics			LTM Margins	
Company Name	Ticker	Enterprise Value	Revenue	Gross Profit	EBITDA	EV / Revenue	EV / Gross Profit	EV / EBITDA	Gross Margin	EBITDA Margin
3M Company	NYSE:MMM	\$108,652	\$32,348	\$15,590	\$8,760	3.4x	7.0x	12.4x	48.2%	27.1%
Alaska Air Group	NYSE:ALK	\$6,223	\$8,541	\$2,289	\$1,301	0.7x	2.7x	4.8x	26.8%	15.2%
American Airlines Group	NasdaqGS:AAL	\$37,138	\$43,699	\$10,726	\$4,512	0.8x	3.5x	8.2x	24.5%	10.3%
Arconic	NYSE:ARNC	\$2,450	\$7,047	\$1,046	\$634	0.3x	2.3x	3.9x	14.8%	9.0%
Boeing Company	NYSE:BA	\$127,146	\$70,550	\$1,561	-\$2,481	1.8x	81.5x	-51.2x	2.2%	-3.5%
C. H. Robinson Worldwide	NasdaqGS:CHRW	\$12,118	\$15,363	\$1,187	\$758	0.8x	10.2x	16.0x	7.7%	4.9%
Caterpillar	NYSE:CAT	\$99,392	\$50,969	\$13,298	\$9,998	2.0x	7.5x	9.9x	26.1%	19.6%
CSX	NasdaqGS:CSX	\$68,140	\$11,779	\$6,260	\$6,260	5.8x	10.9x	10.9x	53.1%	53.1%
Cummins	NYSE:CMI	\$28,298	\$22,578	\$5,742	\$3,073	1.3x	4.9x	9.2x	25.4%	13.6%
Deere & Co.	NYSE:DE	\$91,432	\$36,798	\$8,452	\$5,656	2.5x	10.8x	16.2x	23.0%	15.4%
Delta Air Lines	NYSE:DAL	\$35,919	\$45,127	\$11,643	\$7,627	0.8x	3.1x	4.7x	25.8%	16.9%
Dover	NYSE:DOV	\$16,854	\$7,068	\$2,619	\$1,345	2.4x	6.4x	12.5x	37.1%	19.0%
Eaton Corporation	NYSE:ETN	\$43,567	\$20,874	\$6,807	\$3,499	2.1x	6.4x	12.5x	32.6%	16.8%
Emerson Electric Company	NYSE:EMR	\$42,726	\$17,968	\$7,647	\$3,740	2.4x	5.6x	11.4x	42.6%	20.8%
Expeditors International	NasdaqGS:EXPD	\$11,923	\$8,057	\$1,023	\$788	1.5x	11.7x	15.1x	12.7%	9.8%
FedEx Corporation	NYSE:FDX	\$67,872	\$69,217	\$16,837	\$6,345	1.0x	4.0x	10.7x	24.3%	9.2%
Fluor	NYSE:FLR	\$1,926	\$18,520	-\$194	-\$119	0.1x	-9.9x	-16.2x	-1.0%	-0.6%
Fortive	NYSE:FTV	\$28,053	\$7,441	\$3,759	\$1,629	3.8x	7.5x	17.2x	50.5%	21.9%
General Dynamics	NYSE:GD	\$56,858	\$38,838	\$6,919	\$5,451	1.5x	8.2x	10.4x	17.8%	14.0%
General Electric	NYSE:GE	\$118,534	\$93,536	\$17,862	\$11,086	1.3x	6.6x	10.7x	19.1%	11.9%
Grainger (W.W.)	NYSE:GWV	\$18,866	\$11,688	\$4,423	\$1,602	1.6x	4.3x	11.8x	37.8%	13.7%
Honeywell Int'l	NYSE:HON	\$109,773	\$36,288	\$12,294	\$8,677	3.0x	8.9x	12.7x	33.9%	23.9%
Illinois Tool Works	NYSE:ITW	\$61,506	\$13,785	\$5,786	\$3,765	4.5x	10.6x	16.3x	42.0%	27.3%
Ingersoll-Rand	NYSE:IR	\$14,866	\$2,632	\$926	\$506	5.6x	16.1x	29.4x	35.2%	19.2%
J. B. Hunt Transport Services	NasdaqGS:JBHT	\$14,075	\$9,356	\$1,651	\$1,266	1.5x	8.5x	11.1x	17.6%	13.5%
Jacobs Engineering Group	TSXV:JEC	\$24	\$11	\$6	\$6	2.2x	4.0x	3.7x	56.3%	59.6%
Johnson Controls International	NYSE:JCI	\$33,556	\$23,745	\$7,728	\$2,728	1.4x	4.3x	12.3x	32.5%	11.5%
Lockheed Martin	NYSE:LMT	\$113,078	\$61,127	\$8,270	\$8,936	1.8x	13.7x	12.7x	13.5%	14.6%
Masco	NYSE:MAS	\$15,592	\$6,775	\$2,396	\$1,253	2.3x	6.5x	12.4x	35.4%	18.5%
Nielsen Holdings	NYSE:NLSN	\$14,074	\$6,494	\$3,646	\$1,110	2.2x	3.9x	12.7x	56.1%	17.1%
Norfolk Southern	NYSE:NSC	\$56,856	\$11,081	\$5,191	\$5,192	5.1x	11.0x	11.0x	46.8%	46.9%
Northrop Grumman	NYSE:NOC	\$66,086	\$34,272	\$7,285	\$4,082	1.9x	9.1x	16.2x	21.3%	11.9%
PACCAR	NasdaqGS:PCAR	\$32,741	\$24,274	\$3,495	\$3,137	1.3x	9.4x	10.4x	14.4%	12.9%
Parker-Hannifin	NYSE:PH	\$31,991	\$14,216	\$3,642	\$2,557	2.3x	8.8x	12.5x	25.6%	18.0%
Quanta Services	NYSE:PWR	\$6,982	\$12,069	\$1,568	\$834	0.6x	4.5x	8.4x	13.0%	6.9%
Raytheon	LSE:RTN	\$779	\$1,405	\$183	\$174	0.6x	4.3x	4.5x	13.0%	12.4%
Republic Services	NYSE:RSRG	\$35,172	\$10,383	\$4,112	\$2,889	3.4x	8.6x	12.2x	39.6%	27.8%
Robert Half International	NYSE:RHI	\$5,986	\$6,113	\$2,534	\$671	1.0x	2.4x	8.9x	41.4%	11.0%
Rockwell Automation	NYSE:ROK	\$26,739	\$6,761	\$2,855	\$1,471	4.0x	9.4x	18.2x	42.2%	21.8%
Ryder System	NYSE:R	\$10,021	\$8,907	\$1,509	\$2,237	1.1x	6.6x	4.5x	16.9%	25.1%
Southwest Airlines	NYSE:LUV	\$21,016	\$21,513	\$6,373	\$3,389	1.0x	3.3x	6.2x	29.6%	15.8%
Textron	NYSE:TXT	\$10,531	\$13,298	\$2,058	\$1,459	0.8x	5.1x	7.2x	15.5%	11.0%
Union Pacific	NYSE:UNP	\$143,077	\$21,553	\$12,065	\$11,012	6.6x	11.9x	13.0x	56.0%	51.1%
United Parcel Service	NYSE:UPS	\$118,015	\$74,969	\$13,690	\$7,712	1.6x	8.6x	15.3x	18.3%	10.3%
United Rentals	NYSE:URI	\$22,529	\$9,359	\$3,720	\$2,641	2.4x	6.1x	8.5x	39.7%	28.2%
United Technologies	BOIN:UTX	\$0	\$12,983	\$3,814	\$2,028	0.0x	0.0x	0.0x	29.4%	15.6%
Waste Management	NYSE:WM	\$55,026	\$15,488	\$5,977	\$4,330	3.6x	9.2x	12.7x	38.6%	28.0%

Median	1.8x	6.6x	11.1x	26.8%	15.6%
Mean	2.1x	8.3x	9.2x	29.3%	18.7%

Industrials

State of the Industry

U.S. Industrial Production Index (Seasonally Adjusted)



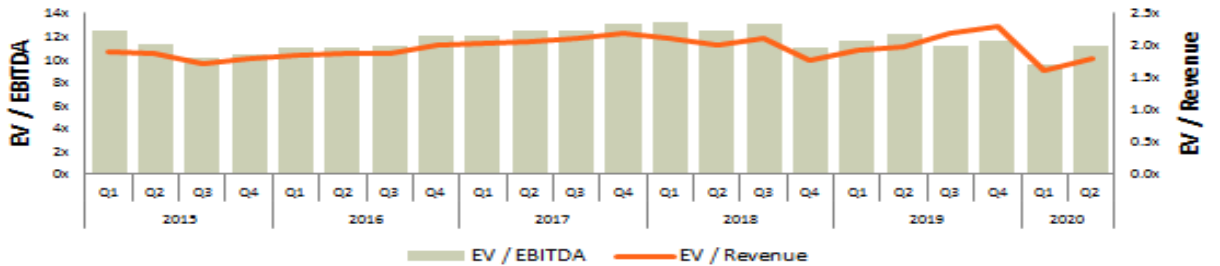
Source: Federal Reserve

Purchasing Managers Index



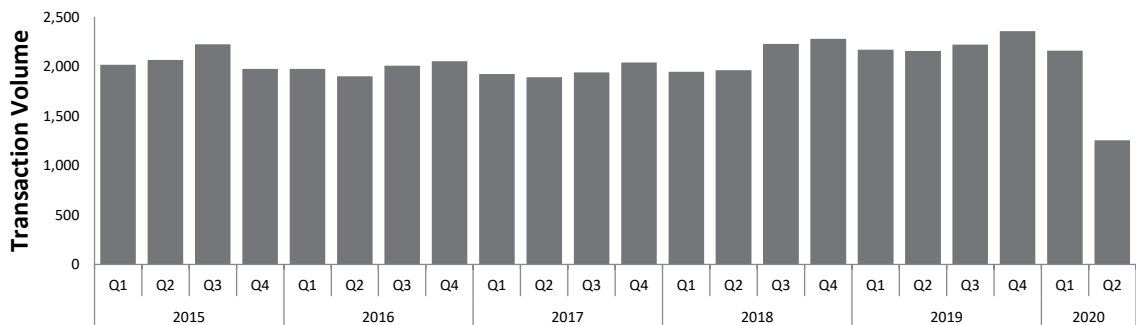
Source: Institution for Supply Management

Industry Valuations



Source: Capital IQ

Industrials Transaction Volume



Source: Capital IQ



The Value of Accomplishment

The highest level of expertise and hard work is what accomplishment requires. It's what you deserve and what we do.

- We sweat the small stuff.
- Take a 3:00am call.
- Say yes.
- Say no.
- Dig deeper when things get tough.
- And celebrate with you when your efforts pay off and you can reflect on it all and say, "It's really remarkable what we've accomplished here."
- Then and only then, will we know that we've accomplished something meaningful, too.

About Mirus

Mirus' Industrial team has experience working with owners of growth industrial businesses and distressed industrials, executing corporate carve-outs, strategic sales and leveraged buy-outs. Much of our work is with closely-held companies – niche leaders who have the industry leading solution in a sub \$200 million market. The companies often have strategic value to large corporations serving the broader market - acquirers who can integrate a product line into their portfolio. For larger industrial companies, Mirus has advised buyers and sellers on M&A, including leveraged buy-outs, and has executed corporate divestitures and restructurings.

Partners Spotlight

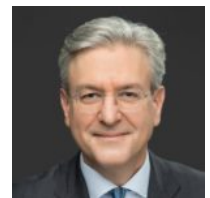
Alan, Andrew, and Rudy have decades of experience advising companies in the Industrial space. They have a demonstrated record of managing and closing dozens of engagements with companies in the industry. Alan has been nationally recognized by M&A Advisor as a sector finalist across multiple industries and has an MBA from Ecole des Ponts (France), an MS in Electrical Engineering from Brown University, and a BS in Mechanical Engineering from MIT. Andrew began his career as an attorney at Foley Hoag LLP and has prior experience as a fifth-generation family business owner and CEO. Andrew graduated from Williams College and the University of Michigan Law School. Rudy has over 20 years of experience in investment banking and corporate finance, advising on a broad range of M&A, IPOs, and financing transactions. Rudy earned his MIA from Columbia University and his BSEE from Worcester Polytechnic Institute.



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"The Mirus team successfully guided us through every aspect of the transaction, from identifying prospective buyers through closing. They conducted a thorough process and we are delighted by the outcome."



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Mirus Industrial Spotlight



has been acquired by



AIC is a leading specialty chemical and ingredients distributor based in Framingham, Massachusetts. LeBaronBrown is a private investment firm with a multi-decade orientation and a strategy to bring capital and resources to company management teams to enable growth over a multi-decade period. AIC joins Charkit Chemical Company LLC, acquired in June of 2017, under the same parent company. This transaction positions AIC for long-term, continued growth, building upon the success of its dedicated team.



has been acquired by



MagneMotion is a provider of intelligent transport systems based on patent protected linear synchronous motor (LSM) technology. Rockwell Automation Inc. (NYSE: ROK), the world's largest company dedicated to industrial automation and information, makes its customers more productive and the world more sustainable. The acquisition of MagneMotion expands Rockwell Automation's independent cart technology and complements its acquisitions of iTRAK Technology and Jacobs Automation.



has been acquired by



Casco Development, Inc. is a leading provider of shop floor productivity software for mid-sized and large manufacturers. CAI Software is a business consulting, enterprise resource planning software development and IT support services company with products and services related to the lumber, seafood, wholesale food processing and distributions sectors, as well as the jewelry manufacturing and distribution, and precious metals recycling, refining and manufacturing sectors.



has been acquired by



Diagnosys is a developer and manufacturer of comprehensive automated test equipment (ATE) providing test, support, and repair of high value electronics, electro-mechanical, pneumatic and printed circuit boards focused on the global mass transit and defense markets. Apronics Corporation (Nasdaq: ATRO) is a leading provider of advanced technologies for the global aerospace, defense, and other mission critical industries.



has been acquired by



Amsyn is a national distributor of specialty chemicals to the coatings, lubricants, nutraceutical, pharmaceutical, and electronics industries. Amsyn's broad portfolio of specialty chemicals and intermediates is supplemented by its differentiated service offering. Maroon Group is a leading distributor of specialty chemicals and ingredients across North America. Going forward, Amsyn's wide range of technical capabilities and global supplier relationships will be additive to Maroon's existing capabilities and its targeted growth strategy.