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Aerospace & Defense

Industry News

Delta aims to hire over 1,000 pilots by next summer

Reuters [Full Article](#)

Delta Air Lines Inc (DAL.N) aims to hire more than 1,000 pilots by next summer. Delta predicts leisure travel volume in June to return to pre-pandemic levels and is seeing increases in business travelers. On Sunday, June 20 the U.S. screened 2.1 million air travelers – the highest number since March 2020 when COVID-19 slashed demand, but still down 23% from pre-pandemic levels. After heavy losses in 2020, Chief Operating Officer John Laughter reports that Delta expects profits in June, just 15 months after “the sharpest decline in aviation history.”

Rafale Fighter Jet Acquisition: A Major Leap Forward for the Croatian Air Force

Defense & Security Monitor [Full Article](#)

Croatia has taken a step forward towards modernizing their air force with the acquisition of new and secondhand aircraft from the French Air Force. On May 28, the nation decided to buy 12 Dassault Rafale F3-R in a deal worth EUR999 million (1.2 billion USD). The first six aircraft are set to be delivered in 2024 with the remainder following in 2025.

Additionally, the deal includes a flight simulator, basic weapons package, ground and test equipment, spare parts, staff training, manufacturing support for three years, and a 12-month warranty for each aircraft, engines, and parts. Prime Minister Andrej Plenković states, “With this move, Croatia will for the first time reach the level of spending of 2 percent of GDP for strengthening its defense capabilities, which is the goal of all NATO members.”

AirAsia boss says industry could return to normal next year

Reuters [Full Article](#)

AirAsia Group CEO Tony Fernandes said the aviation industry could return to normal next year as international borders begin to reopen. He also explains that when travel resumes there will be a need for better government policies to avoid disruptions and to determine what will be required to open borders including the documentation needed to travel. He states, “I think that will be sorted out by September or October when we allow interstate travel and some international flying.”

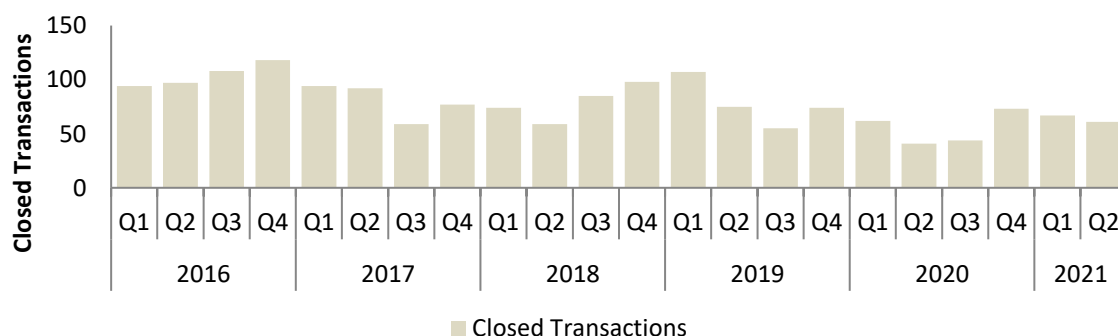
Aerospace & Defense

The aerospace and defense industry is expected to recover somewhat in 2021 after a difficult year in 2020. However, the recovery is likely to be uneven across the commercial aerospace and defense sectors. The commercial aerospace sector was hit hard by the dramatic reduction in passenger traffic and aircraft demand from the COVID-19 pandemic. As a result, the sector is expected to recover slowly, with some predicting that revenue will return to pre-pandemic levels by 2024. The defense sector is expected to remain stable in 2021, as most countries have not significantly reduced their defense budgets and are committed to sustaining their military capabilities. Some defense programs could face cost increases and schedule delays given the disruption in the complex global supply chain.

M&A deal activity is expected to begin to rebound in 2021 after dropping from \$109 billion in transaction value in 2019 to \$20 billion in transaction value in 2020. The recovery will be fueled by improved liquidity from financially strong companies that are looking to drive long-term growth through M&A activity.

Aerospace & Defense M&A Environment

Closed Transactions

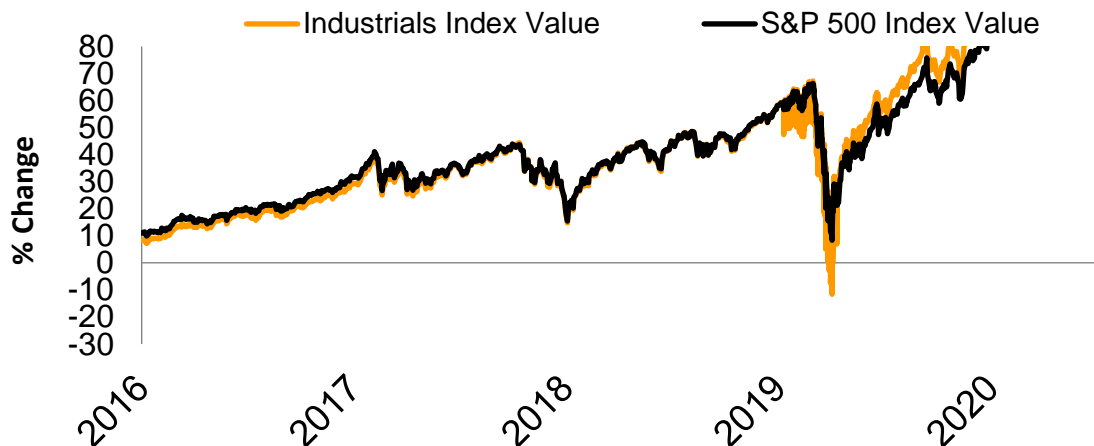


Selected Q2 2021 Aerospace & Defense Transactions

Date Closed	Target	Buyers/Investors	Enterprise Value (\$M)
04/20/2021	Phoenix, LLC	SHINE Medical Technologies, LLC	-
04/26/2021	PCX Aerostructures, LLC	Greenbriar Equity Group, L.P.	-
05/03/2021	McKean Defense Group, LLC	Noblis, Inc.	-
05/07/2021	Aviation Station, Inc.	Premier Air, Inc.	-
05/17/2021	Blackbox Biometrics, Inc.	AirBoss Defense Group	-
05/25/2021	Cubic Corporation	Veritas Capital Fund Management, L.L.C.; Evergreen Coast Capital Corp.	2,311
05/26/2021	Culver Aviation Technologies Ltd	Techiia Holding	-
05/28/2021	Horizon Aircraft, Inc.	Astro Aerospace Ltd. (OTCPK:ASDN)	-
05/31/2021	Certain Aircraft Assets of AeroCentury Corp.	Drake Asset Management Jersey Limited	-
06/01/2021	RDA, Inc.	Sentient Digital, Inc.	-
06/07/2021	GSA Consulting Engineers, Inc.	McKim & Creed, Inc.	-
06/30/2021	ScioTeq and TREALITY Simulation Visual Systems Businesses of TransDigm Group Incorporated	OpenGate Capital, LLC	-

Industrials

The Industrials sector index continued to climb in the second quarter of 2021. The Industrials index rose 14.1% in the second quarter as manufacturing gains momentum coming out of the global COVID-19 pandemic.



As of 6/30/2021

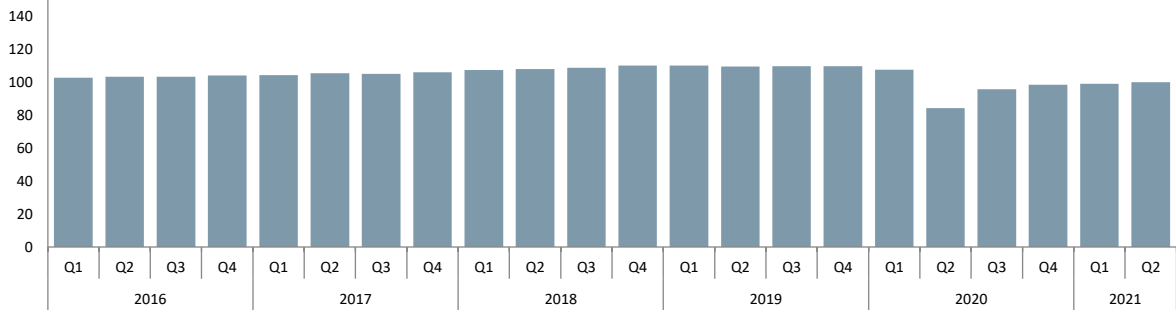
Company Name	Ticker	Enterprise Value	LTM Financials			Valuation Metrics			LTM Margins	
			Revenue	Gross Profit	EBITDA	EV / Revenue	EV / Gross Profit	EV / EBITDA	Gross Margin	EBITDA Margin
3M Company	NYSE:MMM	\$129,130	\$32,960	\$16,046	\$9,391	3.9x	8.0x	13.8x	48.7%	28.5%
Alaska Air Group	NYSE:ALK	\$9,129	\$2,727	-\$1,174	-\$1,719	3.3x	-7.8x	-5.3x	-43.1%	-63.0%
American Airlines Group	NasdaqGS:AAL	\$47,589	\$12,830	-\$8,341	-\$10,763	3.7x	-5.7x	-4.4x	-65.0%	-83.9%
Arconic	NYSE:ARNC	\$4,904	\$5,739	\$791	\$421	0.9x	6.2x	11.6x	13.8%	7.3%
Boeing Company	NYSE:BA	\$181,969	\$56,467	-\$787	-\$5,408	3.2x	NM	-33.6x	-1.4%	-9.6%
C. H. Robinson Worldwide	NasdaqGS:CHRW	\$13,912	\$17,206	\$1,273	\$864	0.8x	10.9x	16.1x	7.4%	5.0%
Caterpillar	NYSE:CAT	\$146,957	\$43,000	\$10,813	\$7,809	3.4x	13.6x	18.8x	25.1%	18.2%
CSX	NasdaqGS:CSX	\$86,744	\$10,541	\$5,724	\$5,724	8.2x	15.2x	15.2x	54.3%	54.3%
Cummins	NYSE:CMI	\$37,772	\$20,892	\$5,086	\$2,730	1.8x	7.4x	13.8x	24.3%	13.1%
Deere & Co.	NYSE:DE	\$151,195	\$39,800	\$11,144	\$7,952	3.8x	13.6x	19.0x	28.0%	20.0%
Delta Air Lines	NYSE:DAL	\$50,001	\$18,311	-\$4,812	-\$6,651	2.7x	-10.4x	-7.5x	-26.3%	-36.3%
Dover	NYSE:DOV	\$24,202	\$6,896	\$2,605	\$1,354	3.5x	9.3x	17.9x	37.8%	19.6%
Eaton Corporation	NYSE:ETN	\$68,307	\$17,761	\$5,471	\$2,729	3.8x	12.5x	25.0x	30.8%	15.4%
Emerson Electric Company	NYSE:EMR	\$63,241	\$17,064	\$7,105	\$3,764	3.7x	8.9x	16.8x	41.6%	22.1%
Expeditors International	NasdaqGS:EXPD	\$20,037	\$11,572	\$1,443	\$1,224	1.7x	13.9x	16.4x	12.5%	10.6%
FedEx Corporation	NYSE:FDX	\$108,535	\$83,959	\$23,730	\$11,749	1.3x	4.6x	9.2x	28.3%	14.0%
Fluor	NYSE:FLR	\$2,489	\$14,909	\$414	\$243	0.2x	6.0x	10.2x	2.8%	1.6%
Fortive	NYSE:FTV	\$25,082	\$4,786	\$2,717	\$1,073	5.2x	9.2x	23.4x	56.8%	22.4%
General Dynamics	NYSE:GD	\$65,789	\$38,565	\$6,363	\$5,115	1.7x	10.3x	12.9x	16.5%	13.3%
General Electric	NYSE:GE	\$167,634	\$77,248	\$13,116	\$5,654	2.2x	12.8x	29.6x	17.0%	7.3%
Grainger (W.W.)	NYSE:GWV	\$24,906	\$11,880	\$4,210	\$1,539	2.1x	5.9x	16.2x	35.4%	13.0%
Honeywell Int'l	NasdaqGS:HON	\$162,118	\$32,628	\$10,284	\$7,649	5.0x	15.8x	21.2x	31.5%	23.4%
Illinois Tool Works	NYSE:ITW	\$76,086	\$12,890	\$5,347	\$3,465	5.9x	14.2x	22.0x	41.5%	26.9%
Ingersoll-Rand	NYSE:IR	\$22,814	\$5,577	\$1,911	\$1,008	4.1x	11.9x	22.6x	34.3%	18.1%
J. B. Hunt Transport Services	NasdaqGS:JBHT	\$18,104	\$10,737	\$1,772	\$1,387	1.7x	10.2x	13.1x	16.5%	12.9%
Jacobs Engineering Group	NYSE:J	\$21,104	\$13,709	\$2,695	\$1,110	1.5x	7.8x	19.0x	19.7%	8.1%
Johnson Controls International	NYSE:JCI	\$57,419	\$22,232	\$7,478	\$3,282	2.6x	7.7x	17.5x	33.6%	14.8%
Lockheed Martin	NYSE:LMT	\$114,407	\$66,005	\$8,812	\$10,213	1.7x	13.0x	11.2x	13.4%	15.5%
Masco	NYSE:MAS	\$17,189	\$7,577	\$2,740	\$1,540	2.3x	6.3x	11.2x	36.2%	20.3%
Nielsen Holdings	NYSE:NLSN	\$14,822	\$6,311	\$3,598	\$1,210	2.3x	4.1x	12.2x	57.0%	19.2%
Norfolk Southern	NYSE:NSC	\$78,569	\$9,803	\$4,697	\$4,697	8.0x	16.7x	16.7x	47.9%	47.9%
Northrop Grumman	NYSE:NOC	\$68,726	\$37,336	\$7,496	\$5,466	1.8x	9.2x	12.6x	20.1%	14.6%
PACCAR	NasdaqGS:PCAR	\$36,982	\$19,412	\$2,464	\$2,159	1.9x	15.0x	17.1x	12.7%	11.1%
Parker-Hannifin	NYSE:PH	\$45,879	\$13,549	\$3,642	\$2,757	3.4x	12.6x	16.6x	26.9%	20.3%
Quanta Services	NYSE:PWR	\$14,044	\$11,142	\$1,702	\$947	1.3x	8.3x	14.8x	15.3%	8.5%
Raytheon	NYSE:RTX	\$154,674	\$60,478	\$8,963	\$7,008	2.6x	17.3x	22.1x	14.8%	11.6%
Republic Services	NYSE:RSG	\$44,146	\$10,196	\$4,197	\$3,031	4.3x	10.5x	14.6x	41.2%	29.7%
Robert Half International	NYSE:RHI	\$9,659	\$5,001	\$1,960	\$374	1.9x	4.9x	25.8x	39.2%	7.5%
Rockwell Automation	NYSE:ROK	\$35,242	\$6,305	\$2,607	\$1,221	5.6x	13.5x	28.9x	41.4%	19.4%
Ryder System	NYSE:R	\$10,545	\$8,480	\$1,590	\$2,368	1.2x	6.6x	4.5x	18.7%	27.9%
Southwest Airlines	NYSE:LUV	\$29,833	\$6,866	-\$3,261	-\$5,146	4.3x	-9.1x	-5.8x	-47.5%	-74.9%
Textron	NYSE:TXT	\$18,108	\$11,753	\$1,681	\$1,094	1.5x	10.8x	16.6x	14.3%	9.3%
Union Pacific	NYSE:UNP	\$173,004	\$19,305	\$11,305	\$9,938	9.0x	15.3x	17.4x	58.6%	51.5%
United Parcel Service	NYSE:UPS	\$199,785	\$89,501	\$16,808	\$9,248	2.2x	11.9x	21.6x	18.8%	10.3%
United Rentals	NYSE:URI	\$32,612	\$8,462	\$3,194	\$2,262	3.9x	10.2x	14.4x	37.7%	26.7%
Waste Management	NYSE:WM	\$72,158	\$15,601	\$6,075	\$4,464	4.6x	11.9x	16.2x	38.9%	28.6%

Median	2.7x	10.2x	16.2x	26.0%	14.7%
Mean	3.2x	8.9x	13.9x	22.3%	10.9%

Industrials

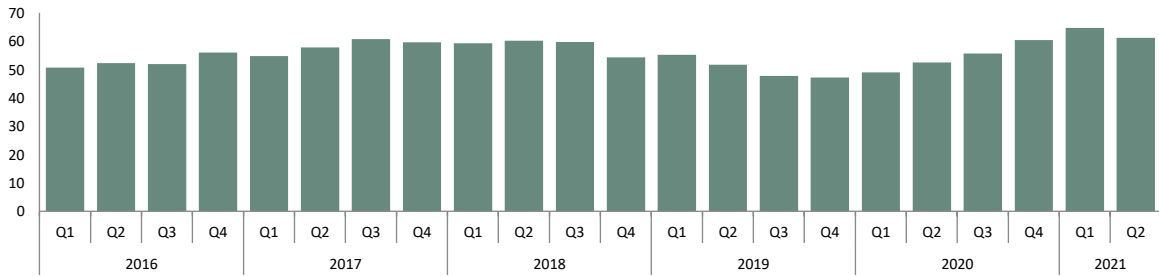
State of the Industry

U.S. Industrial Production Index (Seasonally Adjusted)



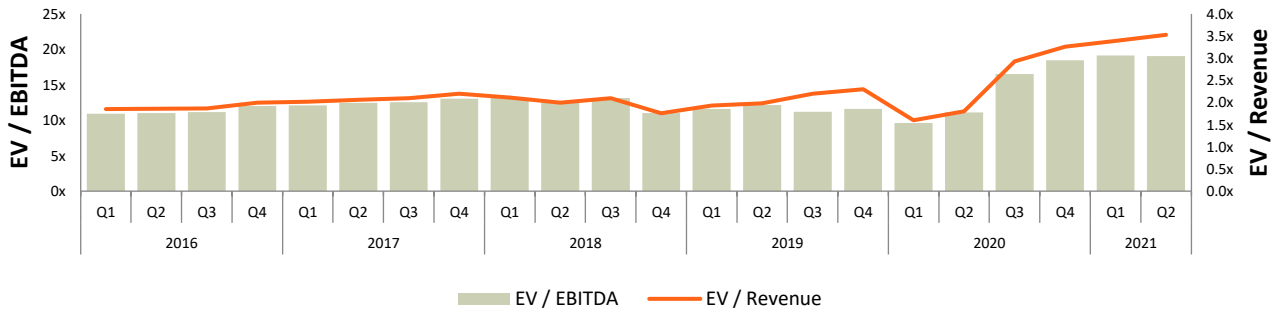
Source: Federal Reserve

Purchasing Managers Index



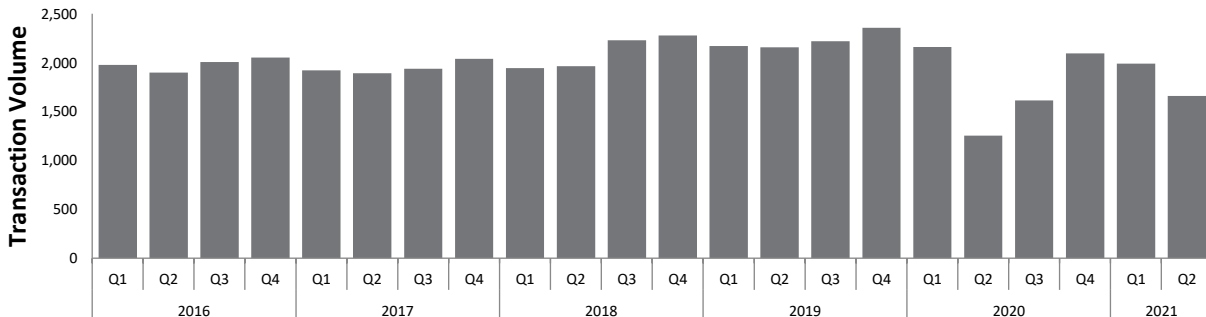
Source: Institution for Supply Management

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.



Alan Fullerton
fullerton@merger.com
781-418-5954



Andrew Crain
crain@merger.com
781-418-5950



Rudy Minar
minar@merger.com
781-418-5965

"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

JANIS

has sold its laboratory cryogenics business to



Janis Research, a leading provider of cryogenic solutions for the low-temperature research industry located in Woburn, Massachusetts, sold its laboratory cryogenics business, a supplier of liquid nitrogen (LN2), liquid helium (LHe), and closed-cycle refrigerator (cryogen-free) cryostats, LHe and cryogen-free superconducting magnet systems, cryogenic and cryogen-free probe stations, and various lab cooling systems, in a transaction to Lake Shore Cryotronics, a company based in Westerville, Ohio that specializes in products and systems for precise measurements of a broad range of temperatures and magnetic field conditions.

aic

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.

MagneMotion

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.

FleetLogix

has been recapitalized by



FleetLogix provides outsourced labor to rental car agencies across the U.S.. The company uses a proprietary technology platform to track and analyze performance at each site, to ensure quality and efficiency in its service delivery, and to provide data and metrics to its managers and its clients. Striker Partners is a private, family-based investment firm formed to make majority equity investments in profitable and growing businesses. Striker Partners brings technology expertise to the company and represents a great cultural fit.

Newcan

has been acquired by



Newcan supplies components to the automotive and trucking industries and is a leader in manufacturing precision metal stampings and perforated components. Falls Stamping & Welding is located in Cuyahoga Falls, Ohio and operates in the metal parts industry. Falls Stamping is recognized for the breadth of manufacturing capabilities. The acquisition of Newcan expands the company's offerings.